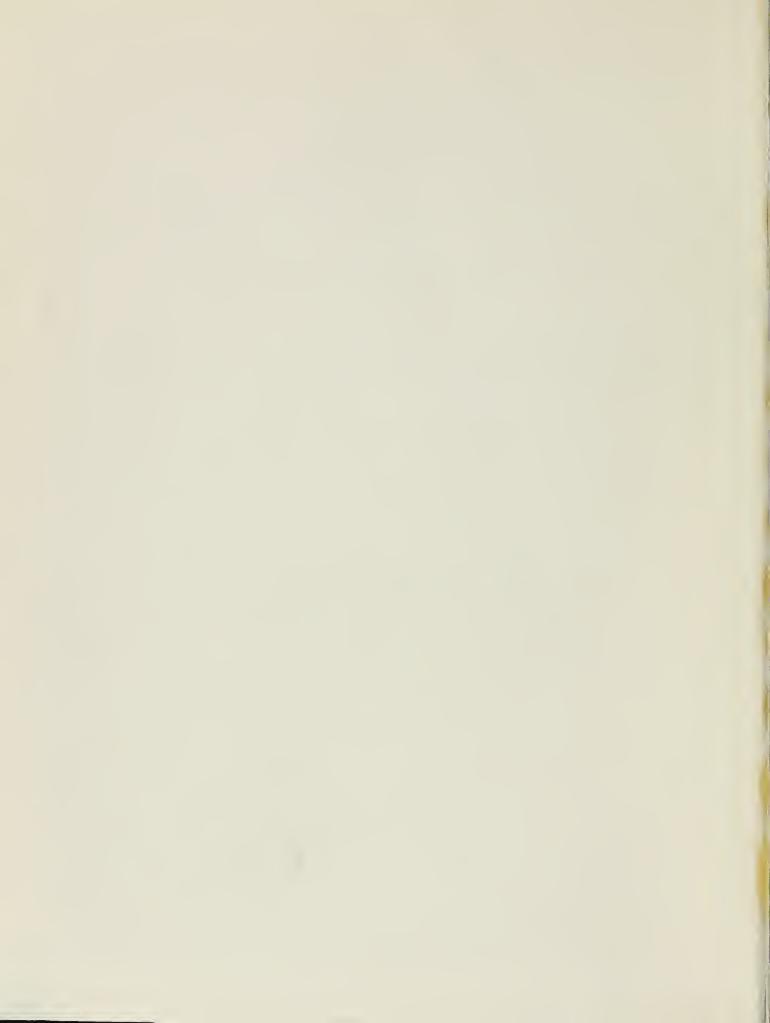


1981-82 GOVERNOR'S BUDGET SUMMARY

Edmund G. Brown Jr., Governor, State of California



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STATE OF CALIFORNIA GOVERNOR'S BUDGET SUMMARY FOR 1981-82

Submitted by EDMUND G. BROWN JR. Governor

to the CALIFORNIA LEGISLATURE 1981–82 Regular Session



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State of California

GOVERNOR'S OFFICE SACRAMENTO 95814

January 10, 1981

Budget Message

To the Members of the Legislature of California:

Tax cuts supported by my Administration such as income tax indexing, increased credits for renters, special credits for conservation and solar energy, and a reduction in the inheritance tax, have significantly reduced the revenue base which created past surpluses. (State income tax cuts this year alone will total about \$2.5 billion.)

For this reason, the moment of truth is upon us. Cutbacks are required in State and local government. California, once at the top of the list among states in taxes, has dropped dramatically to the middle. Our spending must reflect this leaner diet of public funds.

Even in an era of limited resources, however, government must be prepared to meet new challenges. This budget proposes new or revitalized efforts in the following key areas:

- (1) Technological innovation to strengthen the economy;
- (2) Crime prevention, law enforcement, jails, and prisons;
- (3) Energy and resource investments.

I have tried to make the reductions as thoughtful as possible. None are in concrete and I intend to work cooperatively with you to write a final budget that satisfies both our principles and the available revenue.

Edment & Brown (



TABLE OF CONTENTS

	Page
Governor's Budget Message	I
The Governor's Budget Introduction	V
Schedule 1. General Budget Summary	A-1
Schedule 1-A. General Fund Available for Appropriation	A-2
Schedule 1-B. General Fund—Statement of Financial Condition	A-3
Schedule 1-C. Total State Spending Plan	A-4
Schedule 1-D. Comparison of California Current Fund Structure and Recommended Fund Structure	A-6
Revenue Dollars, Chart 1	A-8
Expenditure Dollars, Chart 2	A-9
Table 1. Personnel Years and Salary Cost Estimates	A-10
Table 1A. Positions and Salary Cost Estimates	A-11
Table 2. Summary of State Population, Employees, and Expenditures	A-12
"A" Page Highlights	A-13
Overview	A-15
Historical Perspective	A-15
Reductions in Local Government Fiscal Relief	A-17
State Budget Cuts	A-20
Cost-of-Living Adjustments	A-30
Unsecured Roll	A-33
Program Presentations	A-36
Environment	A-36
Energy	A-36
Conservation	A-38
Toxic Materials and Hazardous Wastes	A-39
Pesticides	A-40
Earthquake	A-41
Crime Prevention and Law Enforcement	A-43
Economy	A-47
Investment in Economic Strength	A-47
Mass Transportation	A-47
Housing	A-49
Additional Program Presentations	A-51
Tax Reductions	A-51
State Bonds	A-53
Proposition 4	A-54
Medi-Cal Cost Savings	A-57
Services to the Elderly	A-62
Tidelands Revenues	A-59

TABLE OF CONTENTS—Continued

		Page
Traditional P	resentations	A-63
Legislativ	ve/Judicial/Executive	A-63
State and	l Consumer Services	A-67
Business,	Transportation and Housing	A-69
Resource	s	A-73
Health a	nd Welfare	A-77
Youth an	d Adult Correctional	A-85
Educatio	n	A-89
General	Government	A-101
State-Ma	ndated Local Programs	A-108
State Con	nstruction Program	A-111
Tax Expe	enditures	A-114
Revenue	Estimates	A-117
Classification	of Funds in the State Treasury	B-1
Schedule 2.	Comparative Statement of Revenues	B-2
Schedule 3.	Comparative Statement of Expenditures	B-4
Schedule 4.	Summary of Fund Condition by Funds	B-16
Schedule 5.	Statement of Cash and Securities of All Funds in the Treasury	B-20
Schedule 6.	Comparative Statement of Expenditures of Federal Aid Granted	B-23
Schedule 7.	Comparative Statement of Expenditures by the Budget Act Expenditures Required by the Constitution or Other Statutes	B-27
Schedule 8	Statement of Bonded Debt	B-36

The Governor's Budget

INTRODUCTION

The Governor's Budget is divided into three sections. The first is traditionally called the "A" pages and consists of summary tables and brief narrative discussing the major budgetary elements, changes, and accomplishments. Included in the "A" pages is the Governor's Message, the General Budget Summary which shows the total funds available for the past year, current year and proposed budget year, and the traditional revenue and expenditure piecharts for the proposed budget.

Special note should be taken of the golden colored section of the A pages. This section includes special presentations that highlight such areas as reductions in local government fiscal relief, tax reductions and cost-of-living adjustments.

The second, and largest section, is the individual budget presentations for each department. The presentations are arranged within eight major groupings, i.e.; Legislative, Judicial and Executive; State and Consumer Services; Business, Transportation and Housing; Resources; Health and Welfare; Youth and Adult Correctional; Education and General Government. Each budget presentation provides past year, current year, and proposed budget year information, in a program budget format with a summary by object of expenditure and highlights of significant changes or accomplishments.

The third section, called the "B" pages, provides additional fiscal information in summary schedules, e.g., comparison of revenues and expenditures for the past year, current year, and the proposed budget year. The "A" and "B" pages together are published separately as the Governor's Budget Summary. In addition, the Salaries and Wages Supplement is published as a separate document. This document presents the detailed data on approved staffing for State agencies.

THE BUDGET PROCESS

The Governor's Budget is the result of a process which begins in the spring, more than one year before the budget is to be effective. The process is started when budget preparation instructions are issued by the Department of Finance to all departments. These instructions describe the Administration's guidelines related to continuing the current level of service (baseline budget) and proposed budget changes. They are to be used by departments in preparing their budgets for submission to the Department of Finance in September and October.

In addition, the Department of Finance may initiate budget change proposals relative to a particular program or operational unit of a department. These proposals are based on special program and cost evaluations prepared by Department of Finance staff and may require a department to justify continuing a particular activity or level of service.

During the fall, each department's baseline budget is reviewed and budget change proposals are thoroughly analyzed by the Department of Finance. Conferences are held with departmental and agency representatives, the Director of Finance and the Department of Finance program budget manager to decide whether a particular budget request is within the established budget guidelines. Issues outside of the established priorities are referred to the Governor's Office. When all the decisions are made, a particular budget is "closed" and it is scheduled for final printing by the State Printing Plant.

With the submission of the Governor's Budget, which is required by January 10 of each year, the chairman of the Senate Finance and Assembly Ways and Means Committees each introduce a Budget Bill which contains appropriations to finance the program levels proposed in the Governor's Budget. Throughout the spring, and with the assistance of Committee Consultants and the Legislative Analyst, who prepares a detailed analysis of the Governor's

Budget, the fiscal committees of each House of the Legisature hold hearings to determine if changes should be made to proposals included in the Governor's Budget. At these hearings, representatives from the department whose budget is being heard, the Department of Finance, the Legislative Analyst, and the public may be called upon to provide official testimony.

Changes desired by the Administration concerning events occurring after the Governor's Budget is submitted are included in "Finance Letters" addressed to and considered by the Fiscal Committees.

In mid-May, the Department of Finance updates its estimates of current year and budget year revenues, expenditures (including any final Administration expenditure proposals) and surplus. This provides the Legislature with the most current estimate of resources that will be available for expenditure.

At the completion of all the hearings, each House passes its Budget Bill. A Conference Committee of six legislators is chosen to resolve differences in the two Bills and to incorporate a "Conference Committee Version" into one of the Bills. This Bill is then sent to the floor of each House and, if passed by a vote of two-thirds of the members, is enrolled and sent to the Governor. If it is not passed, a new Conference Committee is formed and the conference process is repeated.

Upon receipt of the Budget Bill, the Governor meets with his advisors to exercise his veto discretion, which permits reducing or eliminating the entire amount of a particular item of expenditure. The Governor then signs the Budget Bill and it becomes the Budget Act. The Legislature may then consider overriding any vetoes the Governor has made and may do so by a two-thirds vote of each House.

At this point, *most* of the operating budget of the State has been determined. However, it is not until early November that the total budget authorizations are actually known. By then, the Department of Finance has analyzed the cost impact of all other legislation which authorized additional expenditures or changed revenues for a fiscal year.

CHANGES IN THE GOVERNOR'S BUDGET AND BUDGET BILL FOR 1981–82

Assembly Bill 3322, Chapter 1284, Statutes of 1978, mandated several changes in the Governor's Budget. It emphasized the requirement that the Governor's Budget be a complete plan of expenditures for the State, and in addition, added the following new requirements:

1. The Governor's Budget must be submitted as a program budget, with programs reflecting each agency's activities, displayed in a similar manner and at a similar level of detail each year;

2. Program budgets must reflect funding from all funding sources;

3. The Governor's Budget must have a coding structure so that similar or identical activities being performed by the same or different entities may be identified and compared;

The first two requirements will be phased into the Governor's Budget over a period of time, coinciding with each agency acquiring program cost accounting capabilities and providing fiscal information to the California Fiscal Information System (CFIS).

The 1981–82 Governor's Budget includes the third requirement for a coding structure. This common coding is also being used in the 1981 Budget Bill, and in CFIS for selected information (see the California Fiscal Information System Budget-888 for specific details). The classification of like information and the use of common coding will enable comparisons of activities and expenditures across departmental lines. Coding is included in this budget for each department/budget activity, program activity, character of expenditure (State operations, local assistance and capital outlay), selected line-item object totals (e.g., Personal Services), revenue and other receipt totals, funds, and Budget Act appropriation for the budget year.

The Budget Bill has been modified in a similar fashion for 1981, to reflect, as closely as possible, the Governor's Budget. The appropriations of 12 additional departments are scheduled by program in lieu of categories, and common coding is used to identify appropriation items and program/category appropriation limitations.

THE BUDGET DOCUMENTS

Listed below are the key documents used in the budget process and a brief description of their purpose, originator and approximate release date.

Title	Purpose	Prepared/Issued	When		
Budget Letters and Management Memos	Define current Administration guidelines for budget preparation	Governor/Department of Finance	April through December		
Budget Change Proposals	Proposes and documents budget changes to maintain the existing level of service or to increase the level of service	Agencies and departments submit to Department of Fi- nance for analysis	July through September		
Governor's Budget	Governor's proposed budget for the upcoming fis- cal year	Governor/Department of Finance	January 10		
Budget Bill	Requests spending authorization to carry out Gov- ernor's expenditure plan (Legislative budget deci- sion document)	Department of Finance/ Legislature	January 10		
Governor's Budget Summary	A summary of the Governor's Budget	Governor/Department of Finance	Late January		
Budget Analysis	Analysis of the budget, including recommendations for changes to the Governor's Budget	Legislative Analyst	February		
May Revision of General Fund Revenues and Expenditures	Update of General Fund revenues, expenditures and surplus estimates based on the latest economic forecast	Department of Finance	Mid-May		
Budget Act	The primary annual expenditure authorization as approved by the Governor and Legislature, including a listing of Governor's vetoes	Legislature/Governor	Late June		
Supplemental Report of the Committee of Conference on the Budget Bill	Contains language on statements of intent and requests for information or studies	Legislative Analyst	Early July		
Final Budget Summary	Update of the individual Budget Act items with changes by the Governor's vetoes, including summary budget schedules	Department of Finance	Mid-July		
Final Change Book	Update of the changes to the detailed fiscal informa- tion in Governor's Budget, in accordance with the Budget Act	Department of Finance	Late July		
Summary of Revised Revenues and Author- ized Expenditures	Update of revenue and expenditure estimates, including financial legislation	Department of Finance	Early November		



Schedule 1 **GENERAL BUDGET SUMMARY®**

1979–80	Reference to Schedule	General Fund	Special Fund	Budget Expenditure Totals	Selected Bond Fund Expenditures	Expenditure Totals Including Bond Funds
Prior year resources available	. 2 . 3 . 4	\$3,090,214,895 17,984,607,011 18,534,147,999 542,762,113 e \$1,997,911,794 302,876,243	\$1,140,667,036 2,934,213,229 2,760,376,967 349,927,362 \$964,575,936	\$21,294,524,966	\$193,013,661	\$21,487,538,627
1980–81 Prior year resources available	2	\$2,540,673,907 19,055,405,805	\$1,314,503,298 3,151,480,302			
Current Expenditures Expenditure from Reserves de Unencumbered Balance of Continuing Appropriations Reserve for Economic Uncertainties	<u>-</u>	20,730,586,231 466,370,801 28,842,222 370,000,000 \$280,458	3,218,296,001 261,569,869 126,271,294 - \$859,846,436	\$23,948,882,232 727,940,670	\$272,595,233 -	\$24,221,477,465 727,940,670
BALANCE AVAILABLE	••	179,000,000 \$399,122,680	\$986,117,730			
Revenue and transfers	2 3	21,019,700,988 20,770,143,029 28,520,814	3,340,330,211 3,586,226,797 107,485,355	\$24,356,369,826 136,006,169	\$160,671,524 -	\$24,517,041,350 136,006,169
Unencumbered Balance of Continuing Appropriations Reserve for Economic Uncertainties	<u> </u>	159,825 620,000,000 —	39,282,742 ————————————————————————————————————			

The General Budget Summary includes the revenues and expenditures of all state funds that reflect the cost of state government and selected bond fund expenditures. The transactions involving other nongovernmental cost funds are excluded.

These funds are in a trust fund and reserved until appropriated by the Legislature.

Based on historical trends, General Fund expenditures have been reduced to include Estimated Unidentifiable Savings of \$180,000,000 in the 1980-81 fiscal year and \$200,000,000 in the 1981-82.

fiscal year.

d Expenditures from appropriations made in previous fiscal years are shown separately for the current year and budget year to provide a better comparison of current authorizations with the proposed budget year level of expenditure.

e Includes \$208 million for the School Facilities Aid Program and \$134.9 million for retroactive pay adjustments for State employees found to be constitutional by the California Supreme Court in December 1980. For the 1979-80 fiscal year, the reserve for unencumbered balances of continuing appropriations also includes General Fund capital outlay reappropriations that became payable from the Special Account for Capital Outlay in September 1980 and a \$20 million local assistance appropriation for parks that was not available for expenditure until the 1980-81 fiscal year.

Schedule 1-A GENERAL FUND BALANCES AVAILABLE FOR APPROPRIATION JUNE 30, 1981 Reconciliation of the Changes from the Previous Budget Estimates

	1980–81	1981-82	
	Governor's	Governor's	Changes
	Budget	Budget	to
1979–80 Fiscal Year	(previous	(revised	balance
(From past year to current year)	estimate)	estimate)	available
Revenues and Transfers:			
Revenues	\$17,464,036,993	\$17,667,532,079	\$203,495,086
Transfers	316.973.311	317.074.932	101,621
Outgo:	,-	, ,	Í
State Operations	3,774,658,676	3,609,895,869	164,762,807
Capital Outlay	232,928,799	150,610,980	82,317,819
Local Assistance	14,698,784,311	14,773,641,150	-74,856,839
Totals, Expenditures	\$18,706,371,786	\$18,534,147,999	\$172,223,787
Prior year adjustments	\$10,700,371,700	184.737.186	184,737,186
Thor year adjustments minimum		104,757,100	101,757,100
1980–81 Fiscal Year			
(From current year to budget year)			
Revenues and Transfers:			
Revenues	\$19,062,453,891	\$18,739,430,095	-\$323,023,796
Transfers	299.373.713	315,975,710	16,601,997
Outgo:	277,575,715	313,573,710	10,001,557
State Operations	4,127,189,605	4.310,783,174	-183,593,569
Capital Outlay	299,148,472	58,513,105	240,635,367
Local Assistance	16,322,064,306	16,827,660,753	-505,596,447
Totals, Expenditures, Budget	\$20,748,402,383	\$21,196,957,032	-\$448,554,649
Totals, Expenditures, Budget	\$20,740,402,303	\$21,190,957,032	- 5110,551,017
Reserve for unencumbered balances of continuing appropriations	\$480,873,921	\$398,842,222	\$82,031,699
·			
EFFECT OF REVISED ESTIMATES AS REPORTED IN THE 1980–81 GC	OVERNOR'S BUDG	ET	-\$112,387,069
BALANCE AVAILABLE, June 30, 1981, as estimated in the 1980-81 budget			\$112,667,527
BALANCE AVAILABLE, June 30, 1981, as estimated in the 1981-82 budget			\$280,458
DADATICE ATAILABLE, Julie 30, 1901, as estillated in the 1901-02 budget	••••••		\$200,430
Federal Revenue Sharing Fund			179,000,000
			,,

Schedule 1-B

STATEMENT OF FINANCIAL CONDITION GENERAL FUND

June 30, 1980

ASSETS	General Fund Balances	LIABILITIES	General Fund Balances
ssh In State Treasury	\$2,239,098,380 246,156,072 \$2,485,254,452	Accounts Payable State Operations Local Assistance Capital Outlay	\$371,365,704 468,207,540 12,051,945
Accounts Receivable—Current Resonnes Resonnes	\$351,090,540	Total Due to other funds Due to other funds Other ideal governments	\$851,625,189 \$193,122,897 212,003,309
Due from other funds	330,622,915 75,266,128 55,132,752	Total Liabilities	\$1,265,383,866
Accounts Receivable—Deferred Revenues Revenues Interfund building loans Due from local governments	\$1,282,531,156 \$427,825,676 49,424,337 11,514,400 1,851,318		
Other deferred receivables Total Less reserve for deferred accounts receivable	\$537,116,565 -\$537,116,565	RESERVES AND AVAILABLE BALANCE	
	\$49,086,966 9,013,747 8,709,496	Reserve for unencumbered balances of continuing appropriations	\$542,762,113
TOTAL OPERATING ASSETS	\$3,834,595,817	TOTAL LIABILITIES, RESERVES AND SURPLUS	\$3,834,595,817
FIXED ASSETS State's Investment in Fixed Assets	\$3,212,000,000	LONG-TERM OBLIGATIONS Amount to be provided from future revenue and school districts for retirement of long-term obligations	\$3,689,554,172

\$6,304,366,000 -3,567,566,000 \$2,736,800,000 952,734,172 \$3,689,534,172

Net general bonded debt.............. Interest payable in future years Net Total Long-Term Obligations..

General obligation bonds Less: self-liquidating bonds

¹ The data that appears in this statement appears in the report of the State Controller for the year ended June 30, 1980.

TOTAL STATE SPENDING PLAN

Schedule 1-C is included for informational purposes to show in one place the State's total spending plan. It provides a means of comparing the total State resources used on a year-to-year hasis. In addition to the General Fund, Special Funds and Selected Bond Funds, Schedule 1-C shows expenditures from nongovernmental cost funds and Federal funds. The latter two groupings have not traditionally been included as part of State summary expenditures in Governors' hudgets.

A basic premise in such a consolidation as this is that the State is the financial unit and individual funds are subsidiary units to the State. This is similar to financial units in the private sector in

which diversified commercial corporations with several subsidiaries report their operation on a consolidated basis—but is a contrast to traditional governmental accounting, which has held that the individual funds are the financial units and should not be consolidated with other funds or types of funds.

The consolidation in Schedule 1-C presents some theoretical and practical problems. From a theoretical standpoint, it combines all funds and gives the illusion that spending occurs in the same manner regardless of fund. This is not the case: the General Fund, Special Funds and Bond Funds are accounted for on a modified accrual hasis; the Public Service Enterprise Funds, Working Capital and Revolving Funds, Retirement Funds and Trust and Agency Funds are accounted for on an accrual hasis; and the Health Care Deposit Fund and General Fund appropriations to Medi-Cal are accounted for on the case:

This combination also may give the illusion that total State spending is authorized and controlled through the annual hudget process. This is not the case. Each fund is created for a specific purpose and its spending is dictated based on the provision of the Constitution or Statute under which it was created. In essence, each fund is a separate fiscal and legal entity that operates under the specific legal provisions that created it. Many expenditures from funds are authorized by the Constitution or other statutes besides the Budget Act.

From a practical standpoint, Schedule 1-C is only an approximation. For example, it includes some duplicate amounts and does not include reimbursements. Some duplications are spending from the Department of General Services' Service Revolving Fund, which are also included in spending of departments, and from Workers' Compensation, Unemployment Insurance and Nondissability Insurance Benefits, which have been previously collected from State agencies. Other duplications include amounts from bond proceeds, which are included both when bond proceeds are spent and when deht service is paid, and Federal Revenue Sharing, which is included as spending from the Federal Revenue Sharing Fund and also from the General Fund when the funds are transferred to and expended

Schedule 1-C does not include reimbursements received from the public or other levels of government, as these are deducted from State expenditures.

Schedule 1-C **Total State Spending Plan** Governmental Cost, Nongovernmental Cost and Federal Funds (thousands)

Funds	1979–80	1980-81	1981-82
Governmental Cost Funds: General Fund Special Funds	\$18,534,148 2,760,377	\$21,196,957 3,479,866	\$20,798,664 3,693,712
Totals, Governmental Cost Funds Selected Bond Funds	\$21,294,525 193,014	\$24,676,823 272,595	\$24,492,376 160,671
Totals, Governmental Cost and Selected Bond Funds	\$21,487,539	\$24,949,418	\$24,653,047
Nongovernmental Cost Funds: Public Service Enterprise Funds	2,210,923 232,933 172,341 1,478,668 1,563,152	2,484,310 222,777 194,641 1,624,778 2,017,885	2,664,197 332,891 209,438 1,794,099 1,783,804
Totals, Nongovernmental Cost Funds	\$5,658,017	\$6,544,391	\$6,784,429
Federal Funds	8,160,187	10,445,216	10,586,271
TOTALS, SPENDING, ALL FUNDS	\$35,305,743	\$41,939,025	\$42,023,747

The following provides supplemental detail for the significant funds and amounts which comprise the various categories of Nongovernmental Cost Funds:

(in thousands)

Funds	1979–80	1980-81	1981–82
PUBLIC SERVICE ENTERPRISE FUNDS: Veteran's Farm and Home Building Fund of 1943	\$002.571	61 110 242	61 125 157
	\$992,571	\$1,110,247	\$1,125,156
Harbors and Watercraft Revolving Fund	13,666	18,159	22,182
Central Valley Water Project Revenue Fund	33,950	34,111	33,930
California Water Resources Development Bond Fund	154,064	153,501	157,042
Unemployment Compensation Disability Fund	33,567	68,670	200,277
	584,725	670,440	678,038
Continuing Education Revenue Fund	17,729	16,323	17,509
Others	358,382 22,269	360,279 52,580	378,600 51,463
Totals, Public Service Enterprise Funds	\$2,210,923	\$2,484,310	\$2,664,197
WORKING CAPITAL AND REVOLVING FUNDS:			
Architecture Revolving Fund	\$8,039	\$9,117	\$9,367
Service Revolving Fund	154,930	110,575	200,082
Stephen P. Teale Consolidated Data Center Revolving Fund	17,082	21,169	30,476
Correctional Industries Revolving Fund	21,822	26,984	29,034
Others	31,059	54,932	63,932
Totals, Working Capital and Revolving Funds	\$232,933	\$222,777	\$332,891
BOND FUNDS—OTHER:			
Public School Building Loan Fund	\$5,172	\$6,490	\$6,814
State School Building Aid Fund	167,169	188,151	202,624
Totals, Bond Funds—Other	\$172,341	\$194,641	\$209,438
RETIREMENT FUNDS:			
Benefits Paid:	417.00		
Judges' Retirement Fund	\$17,638	\$22,304	\$22,258
Legislators' Retirement Fund	2,141	2,474	2,722
Public Employees' Retirement Fund	789,064	880,515	966,022
Teachers' Retirement Fund	646,446	691,350	773,512
Totals Benefits Paid	\$1,455,289	\$1,596,643	\$1,764,514
Support	23,379	28,135	29,585
Totals, Retirement Funds	\$1,478,668	\$1,624,778	\$1,794,099
OTHER NONGOVERNMENTAL COST FUNDS:			
County Funds	\$48.926		
University Funds	1,054,831	\$1,241,910	\$1,249,492
Federal Revenue Sharing	276,200	276,200	180,300
Others.	183,195	499,775	354,012
Totals, Other Nongovernmental Cost Funds	\$1,563,152	\$2,017,885	\$1,783,804
Includes the following amounts for benefits paid which are not reflected in the Governor's Budget.			
STATE COMPENSATION INSURANCE FUND:			
Benefits Paid	\$285,311	\$280,779	\$295,000
Support	73,071	79,500	83,600
Totals, State Compensation Insurance Fund	\$358,382	\$360,279	\$378,600

ADOPTION OF GENERALLY ACCEPTED ACCOUNTING PRINCIPLES

With the implementation of the California Fiscal Information System (CFIS), the State of California is committed to the adoption of Generally Accepted Accounting Principles (GAAP). The National Council on Governmental Accounting (NCGA), the Financial Accounting Standards Board and the Council of State Governments are all active in defining GAAP and recommend that state governments adhere to the principles they set forth. The California Fiscal Advisory Board has approved conformance with GAAP as set forth by the NCGA in California beginning in 1981-82 with the

1. General Fund transfers to other funds will continue to be shown as expenditures of the General Fund.

Reimbursements will continue to include monies that come from non-State sources, such as from local government or the private sector.

The Health Care Deposit Fund will continue to be accounted on a cash basis.

GAAP represents uniform minimum standards and guidelines for financial accounting and reporting. The goal of GAAP is to standardize the accounting and financial reporting of governmental organizations—regardless of jurisdictional legal provisions and customs.

This standardization assures that financial reports of all State and local governments contain the same types of financial statements and disclosures for the same categories and types of funds and account groups, based on the same measurement and classification criteria. It also allows the users of governmental fiscal reports to gain a better understanding of the government's financial condition and facilitates the comparison of operations from year to year within each fund, as well as with the operations of other funds or governmental organizations. Conformance to GAAP can be important in securing favorable bond ratings for the State bond issues.

Another important aspect of GAAP as applied to governments is recognition of the variety of legal and contractual considerations typical of the government environment. These considerations underlie and are reflected in the fund structure, basis of accounting, and other principles.

Governmental accounting systems designed in conformity with these principles can readily satisfy most management control and accountability

information needs with respect to both GAAP and legal compliance reporting.

Along with other changes in fiscal reporting being implemented by CFIS, some of California's governmental cost funds and many nongovernmental cost funds will be reclassified to conform with GAAP. Schedule 1-D, based on a preliminary assessment of GAAP classifications and using 1981–82 budget totals, shows how California's current fund classifications will translate into GAAP classifications.

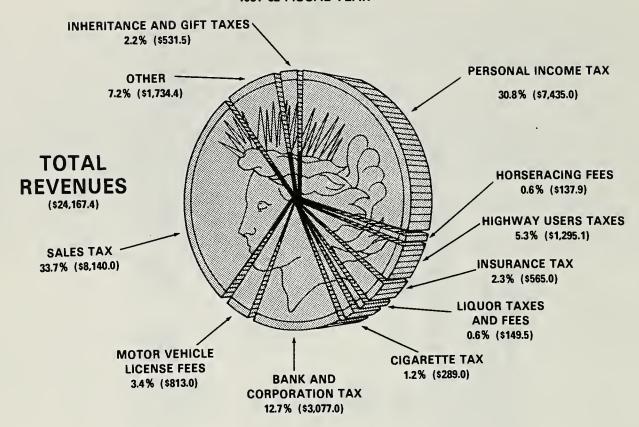
SCHEDULE 1-D GENERALLY ACCEPTED ACCOUNTING PRINCIPLES COMPARISON OF CALIFORNIA CURRENT FUND STRUCTURE AND RECOMMENDED FUND STRUCTURE USING 1981-82 BUDGET TOTALS (In Thousands)

				Totals		\$20,798,664	2,568,739	101,200	810,836	\$24,492,376	\$160,671		\$24,653,047	-0.00	32,004,197	332,891	202,430	1 704 000	1,17,027	38,188	10,286,271	1,725,616	\$17,370,700	\$42,023,747 \$38,957,308
				Unclassified		1 1	ı	1	1	1	1		1		ı	ı	1		•	1 60	1,521,123	1,545,316	\$3,066,439	\$3,066,439
	v runds		Trust and	Agency Funds		- 878 93	1,209,884	101,200	301,921	\$1,619,843	\$93,638	3	\$1,713,481		1 00 1	1,801	00+,400		1 00	33,260	32,606	1	\$277,405	\$1,990,886
ICA TIONS	Fiduciary Funds			Ketirement Funds		1 (1	1	1	1	1		1		1	1	1	1 704 000	1,774,023	1	1	1	\$794,099	\$1,794,099
A CLASSIF	y runds		Internal	Service Funds		22 754	1	1	1	\$2,754	1		\$2,754		1000	140,687	1		•	1	1	1	\$289,644	\$292,398 \$292,398
ED ON NCC	Proprietary Funds			Enterprise Funds		1 1	1 1	1	1	ŀ	\$36,887		\$36,887		\$2,461,993	37,033	1		1	1	1	1	\$2,499,646	\$2,536,533
FUND STRUCTURE BASED ON NCGA CLASSIFICATIONS		Total	Сомет-	mental Funds		\$20,798,664	1,358,855	1	508,915	\$22,869,779	\$30,146		\$22,899,925		\$202,204	3,193	1		1 3	24,628	9,032,542	180,300	\$9,443,467	\$32,343,392 \$32,343,392
FUND STR	tal Funds		Capital	Projects Funds		6149 492		1	93,788	\$242,271	\$30,146		\$272,417		\$202,204	ı	ı			1		-	\$202,204	\$474,621
į	Governmental Funds		Special	Revenue Funds		- 620 633	1.38,8550		415,127	\$1,828,844	1		\$1,828,844		1 6	3,793	1		1 3	24,628	9,032,542	180,300	\$9,241,263	\$11,070,107
				General Fund		\$20,798,664	1 1	1	1	\$20,798,664	1		\$20,798,664		1	1	1		•	1	1		'	\$20,798,664
				CURRENT FUND STRUCTURE	Governmental Cost Funds	General Fund	General Fund Special Accounts Transportation Funds	Feeder Funds.	Other Governmental Cost Funds	Total Governmental Cost Funds	Selected Bond Funds	Total Governmental Cost Funds and Se-	lected Bond Funds	Nongovernmental Cost Funds	Public Service Enterprise Funds	Working Capital and Revolving Funds	Bond Funds—Other	Trust and Agency Funds:	Ketirement Funds	Trust and Agency Funds-Other	Trust and Agency Funds-Federal	Other Nongovernmental Cost Funds	Total Nongovernmental Cost Funds	TOTAL SPENDING, ALL, FUNDS TOTALS, GAAP FUNDS

CHART 1

REVENUE DOLLARS

(amounts in millions) 1981-82 FISCAL YEAR



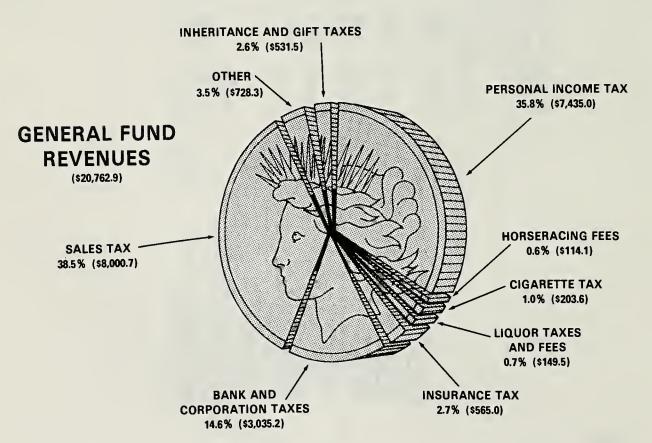
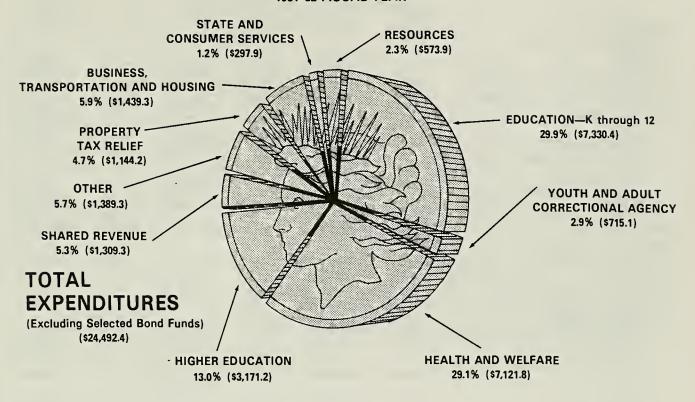


CHART 2

BUDGET EXPENDITURE DOLLARS

(amounts in millions)
1981-82 FISCAL YEAR



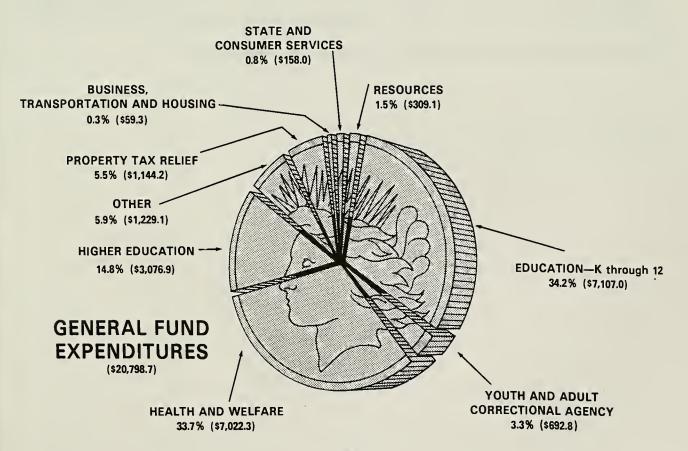


TABLE 1

PERSONNEL YEARS AND SALARY COST ESTIMATES
(Excludes Staff Benefits)

	1979-80	Fiscal Year	1980-8	l Fiscal Year	1981–82 Fiscal Year		
	Personnel	Net salaries	Personnel	Net salaries	Personnel	Net salaries	
	years	and wages	years	and wages	years	and wages	
FUNCTION							
Legislative/Judicial/Executive:							
Legislative	337.4	\$8,019,396	342.8	\$9,036,586	352.8	\$9,281,412	
Judicial	1,051	39,980,818	1,102.4	49,584,295	1,231.1	50,573,688	
Executive	7,325.3	142,870,094	8,062.5	170,471,145	8,171.7	175,164,904	
State and Consumer Services	10,671.3	180,821,451	11,692.7	215,726,203	12,055.7	225,181,784	
Business, Transportation and Housing	31,293.4	613,012,940	31,612.6	678,225,785	31,637.4	685,204,358	
Resources	13,779.5	267,571,080	14,325.4	306,284,986	14,681.1	317,904,194	
Health and Welfare	42,325.2	731,283,216	43,787.9	835,845,744	42,834.4	838,670,431	
Education:							
Education	2,665	52,662,814	2,997.6	63,488,927	3,004.3	64,711,659	
Higher Education	89,840.5	1,713,390,800	89,989.5	1,936,768,561	90,334.6	2,003,409,322	
Youth and Adult Correctional	12,548.6	273,828,565	13,503.1	311,383,567	13,907.8	323,591,754	
General Government:							
General Administration	8,355.3	163,457,232	9,056.8	186,445,192	9,161.4	195,436,737	
Unallocated salary increase				238,926,003		_ _	
Totals	220,192.5	\$4,186,898,406	226,473.3	\$5,002,186,994	227,372.3	\$4,889,130,243	
Less Special Adjustment	1		,	_	-629	-5,765,052	
NET TOTALS	220,192	\$4,186,898,406	226,473.3	\$5,002,186,994	226,743.3	\$4,883,365,191	
POSITION CLASSIFICATION							
Constitutional officers	127	\$3,529,844	127	\$3,833,575	127	\$3,833,575	
Statutory	205.5	10,177,266	218	12,042,357	224	12,290,929	
Civil service	128,202	2,399,876,751	134,217.9	2,736,566,990	134,649.3	2,794,038,739	
Superior court judges—part salary	607	26,101,900	628	32,788,324	628	31,734,808	
Exempt—Other	1,629.7	41,834,729	1,789.6	51,143,689	1,909.7	54,088,494	
Exempt—Higher Education:	54 110 0	1.005.350.530	54 500 1	1 1/4 044 70/	£4.027.2	1.01/.070.0/4	
University of California	54,119.9	1,025,758,570	54,502.1	1,164,044,796	54,927.2	1,216,270,264	
Auxiliary facilities—University of California	2,212.2	28,525,416	1,772.5 215.1	24,637,543	1,772.5	24,637,543	
Hastings College of Law	178.4	4,152,487		5,237,437	222.1	5,412,716 724,975,710	
State University and Colleges	31,194.3	626,303,693	31,406.2	711,795,150	31,284.6	124,913,110	
Auxiliary State University and College Facili-	1.716.5	20 627 750	1,596.9	21,171,130	1,627.9	21,847,465	
ties	1,716.3	20,637,750	1,390.9	238,926,003	1,027.9	21,047,403	
Unallocated salary increase							
Totals	220,192.5	\$4,186,898,406	226,473.3	\$5,002,186,994	227,372.3	\$4,889,130,243	
Less Special adjustment					<u> </u>	<u>-5,765,052</u>	
NET TOTALS	220,192.5	\$4,186,898,406	226,473.3	\$5,002,186,994	226,743.3	\$4,883,365,191	

¹ Estimated salaries and wages portion of special adjustments for departments with program budget displays.

TABLE 1A

POSITIONS AND SALARY COST ESTIMATES (Excludes Staff Benefits)

	1979-80	Fiscal Year	1980-8	Fiscal Year		Fiscal Year
	Actual	Total Salaries	Estimated	Total Salaries	Proposed	Total Salaries
Function	Positions 1	and Wages	Positions	and Wages	Positions 1	and Wages
Legislative/Judicial/Executive:						
Legislative	337.4	\$8,019,396	344.5	\$9,085,253	354.5	\$9,338,757
Judicial	1,051	39,980,818	1,103.9	49,624,295	1,232.6	50,613,688
Executive	7,325.3	142,870,094	8,338.8	176,736,371	8,478	182,462,039
State and Consumer Services	10,671.3	180,821,451	11,985.4	221,261,502	12,346.9	230,985,951
Business, Transportation and Housing	31,293.4	613,012,940	32,630.3	696,870,107	32,644.6	705,195,437
Resources	13,779.5	267,571,080	14,815.2	313,974,996	15,174.4	325,972,277
Health and Welfare	42,325.2	731,283,216	46,027.9	879,158,127	45,077.2	883,377,301
Education:						
Education	2,665	52,662,814	3,069.7	65,282,117	3,074.7	66,365,357
Higher Education	89,840.5	1,713,390,800	91,047.6	1,959,985,553	92,056.8	2,042,438,979
Youth and Adult Correctional	12,548.6	273,828,565	13,837.7	319,543,565	14,327.2	334,071,829
General Government:						
General Administration	8,355.3	163,457,232	9,345.7	192,781,411	9,458.4	202,962,697
Unallocated Salary Increase	- 0,555.5	-	-	238,926,003	-	-
,						
Totals	220,192.5	\$4,186,898,406	232,546.7	\$5,123,229,300	234,230,3	\$5,033,784,312
Less Statewide Salary Savings		-	-6,073.4	- 121,042,306	-6,858	-144,654,069
Less Statewide Salary Savings Less Special adjustments ²	-	-	-	-	-629	-5,765,052
NET TOTALS	220,192.5	\$4,186,898,406	226,473.3	\$5,002,186,994	226,743.3	\$4,883,365,191

As shown in departmental budgets as "Totals, Salaries and Wages."

Estimated salaries and wages portion of special adjustments for departments with program budget displays.

TABLE 2 SUMMARY OF STATE POPULATION, EMPLOYEES, AND EXPENDITURES

			no talo	Personal	Ехрепо	ditures		tures per pita	Expenditures per 100 of Personal Income		
	n - table		Population		General Fund ²	Total	C1			и Іпсоте	
Year	Population (thousands)	Elower	Per Employee	Income (millions)	runa · (thousands)	Total ³ (thousands)	General Fund¹	Total3	General Fund ²	Tatall	
	,	Employees		,	. ,	,				Total ³	
1950–51	10,887	61,000	178.5	\$19,774	\$587,081	\$1,006,339	\$53.92	\$92.43	\$2.97	\$5.09	
1951–52	11,384	63,860	178.3	22,756	635,467	1,068,072	55.82	93.82	2.79	4.69	
1952–53	11,870	65,720	180.6	25,214	713,764	1,176,719	60.13	99.13	2.83	4.67	
1953–54	12,309	69,928	176.0	27,002	808,692	1,381,400	65.70	112.27	2.99	5.12	
1954–55	12,761	74,099	172.2	27,682	852,017	1,422,452	66.77	111.47	3.08	5.14	
1955–56	13,293	77,676	171.1	30,378	922,566	1,532,811	69.40	115.31	3.04	5.05	
1956–57	13,879	88,299	157.2	33,177	1,029,812	1,732,467	74.20	124.83	3.10	5.22	
1957–58	14,459	98,015	147.5	35,497	1,146,531	1,938,845	79.25	134.09	3.23	5.46	
1958–59	15,015	101,982	147.2	37,324	1,245,929	2,066,187	82.98	137.61	3.34	5.54	
1959–60	15,576	108,423	143.7	40,844	1,434,806	2,140,376	92.12	137.41	3.51	5.24	
1960-61	16,112	115,737	139.2	43,020	1,678,081	2,525,394	104.15	· 156.74	3.90	5.87	
1961–62	16,633	122,339	136.0	45,379	1,697,434	2,487,813	102.05	149.57	3.74	5.48	
1962–63	17,214	128,981	133.5	48,802	1,881,134	2,800,381	109.28	162.68	3.85	5.74	
1963–64	17,771	134,721	131.9	52,111	2,064,120	3,174,407	116.15	178.63	3.96	6.09	
1964–65	18,258	143,896	126.9	56,171	2,344,842	3,651,945	128.43	200.02	4.17	6.50	
1965–66	18,672	151,199	123.5	59,855	2,579,618	4,058,635	138.15	217.36	4.31	6.78	
1966–67	19,044	158,404	120.2	64,913	3,017,197	4,658,899	158.43	244.64	4.65	7.18	
1967–68	19,374	162,677	119.1	69,540	3,272,809	5,014,170	168.93	258.81	4.71	7.21	
1968–69	19,667	171,655	114.6	76,114	3,908,783	5,672,852	198.75	288.45	5.14	7.45	
1969–70	19,910	179,583	110.9	82,828	4,456,082	6,301,722	223.81	316.51	5.38	7.61	
1970–71	20,174	181,581	111.1	88,553	4,853,860	6,556,325	240.60	324.99	5.48	7.40	
1971–72	20,457	181,912	112.5	94,206	5,027,275	6,683,742	245.75	326.72	5.34	7.09	
1972–73	20,719	188,460	109.9	102,539	5,615,684	7,421,705	271.04	358.21	5.48	7.24	
1973–74	20,993	192,918	108.8	112,641	7,299,436	9,311,265	347.71	443.54	6.48	8.27	
1974–75	21,329	203,548	104.8	125,579	8,345,642	10,276,490	391.28	481.81	6.65	8.18	
1975–76	21,706	206,361	105.2	139,481	9,518,436	11,452,454	438.52	527.62	6.82	8.21	
1976–77	22,107	213,795	103.4	155,586	10,467,097	12,631,717	473.47	571.39	6.73	8.12	
1977–78	22,551	221,251	101.9	174,543	11,685,643	14,003,309	518.19	620.96	6.69	8.02	
1978–79	23,004	218,530	105.3	198,595	16,250,774	18,744,967	706.43	814.86	8.18	9.44	
1978–79 4	-	-	-	-	11,850,774	14,374,967	515.16	624.89	5.97	7.24	
1979–80	23,478	220,193	106.7	228,017	18,534,148	21,487,539	789.43	915,22	8.13	9.42	
1979–80 4	-	-	-	-	13,667,148	16,620,539	582.13	707.92	5.99	7.29	
1980–81	23,953	226,973	105.8	256,574	21,196,957	24,949,418	884.94	1,041.60	8.26	9.72	
1980–81 4	-	-	-	-	15,729,957	19,482,418	656.70	813.36	6.13	7.59	
1981–82	24,423	226,743	107.7	287,205	20,798,664	24,653,048	851.60	1,009.41	7.24	8.52	
1981–82 4	-	-	-	-	15,186,664	19,041,048	621.82	779.64	5.29	6.63	

Population as of January 1, the midpoint of the fiscal year.

Excludes Special Accounts in General Fund beginning 1976-77.

Expenditures include payments from General Fund, Special Funds and Selected Bond Funds (beginning in 1957-58).

Excludes Local Government Fiscal Relief.



Legislative, Judicial, and Executive



State and Consumer Services



Business, Transportation and Housing



Resources



Health and Wellare



Youth and Adult Correctional



Education



General Government

The Governor's Budget has traditionally included a narrative presentation in the "A Pages" to highlight the significant issues and changes included in the detailed departmental presentations. Special write-ups are included in this year's "A Pages" and are presented on golden colored pages.

OVERVIEW

HISTORICAL PERSPECTIVE
REDUCTIONS IN LOCAL GOVERNMENT FISCAL RELIEF
STATE BUDGET CUTS
COST-OF-LIVING ADJUSTMENTS
UNSECURED ROLL

PROGRAM PRESENTATIONS

ENVIRONMENT

Energy

Conservation

Toxic Materials and Hazardous Wastes

Pesticides

Earthquake

CRIME PREVENTION AND LAW ENFORCEMENT

ECONOMY

Investment in Economic Strength

Mass Transportation

Housing

ADDITIONAL PROGRAM PRESENTATIONS

Tax Reductions

State Bonds

Proposition 4

Medi-Cal Cost Savings

Services to the Elderly

Tidelands Revenues

TRADITIONAL PRESENTATIONS

Legislative/Judicial/Executive

State and Consumer Services

Business, Transportation and Housing

Resources

Health and Welfare

Youth and Adult Correctional

Education

General Government

State-Mandated Local Programs

State Construction Program

Tax Expenditures

Revenue Estimates



Overview

Historical Perspective

The 1981-82 Budget proposes a General Fund expenditure increase of less than 1% over 1980-81. In 1981-82 there is no surplus and we are not spending more than our revenues.

The growth in California government starting in the mid 1960's and continuing through the mid 1970's was possible because of increased taxes. During that time, the Personal Income Tax rates were increased, and income brackets were narrowed. Simultaneously the Bank and Corporations Tax nearly doubled and the Sales Tax was increased by over 26%

The period from 1975 through 1978 saw a continued expansion in California's tax receipts but this occurred without any significant change in the tax structure. Inflation and a very strong state economy were the reasons for continued growth. Actions taken in 1978 and subsequent years have substantially altered California's revenue base and in fact launched us into a new era of State tax.

In 1978, the people of California passed Proposition 13 reducing property tax by more than 50%. In the same year, the Administration sponsored and the Legislature passed a one-time income tax reduction and an on-going income tax indexing program.

Since 1978, there have been a number of additional tax reductions including increased credits for renters, special credits for conservation and finally a substantial reduction in the inheritance tax beginning in January 1981.

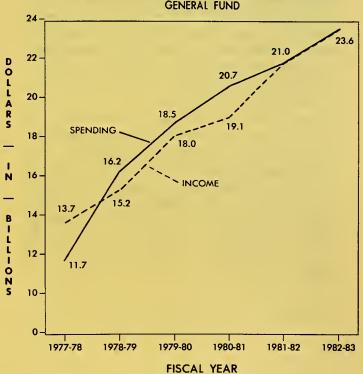
The historic trend of continuing expansion in taxes has come to an abrupt halt.

California has gone from being in the top five tax states, to being in to the middle range. This change sets the stage for the fiscal problems we are currently facing.

We have been able to maintain program levels since 1978–79 only through the use of a significant state surplus which had been accumulated prior to Proposition 13. The 1980–81 budget was the last year we had the luxury of utilizing the surplus to maintain current programs.

The following chart illustrates the relationship between annual spending and annual income from 1977–78 through a preliminary look at 1982–83.

COMPARISON OF CURRENT INCOME TO CURRENT SPENDING
GENERAL FUND



To provide some additional perspective on how difficult these problems are, compare the 1981–82 bar in the chart below with the other bars depicting budget growth in earlier years. It is clear that we will not be able to grow in a manner to which we have been accustomed, even though inflation continues in double digits. The adjustments called for in this budget will be difficult and in many cases controversial. To meet the needs of the people of California while operating within the available resources will require extraordinary action. The major proposed reductions are as follows:

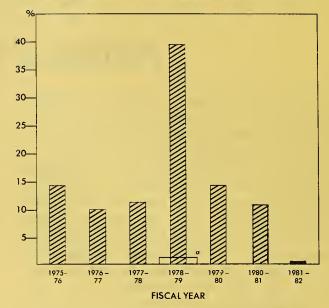
- A \$420 million reduction in Local Government Fiscal Relief so that the budget reductions will be shared by State and Local Government.
- Specific reductions totaling \$146 million in a number of state programs previously authorized from the General Fund.

These unusual adjustments are necessary to provide sufficient funds for even minimal cost-of-living increases. If these cuts are not taken, there will be insufficient revenues to balance anticipated expenditures and the amount proposed for cost-of-living adjustments will have to be reduced correspondingly.

In addition, we propose to use the \$500 million one-time revenue gain which will occur as a result of the Supreme Court ruling on the 1978 –79 personal property tax (unsecured roll) for one-time purposes, not for ongoing programs.

One-time resources could be used to defer or delay the problem we face in 1981--82. The difficulty with using one-time resources is that this would exacerbate the problems we face in the future.

GENERAL FUND
PERCENTAGE CHANGE OF EXPENDITURES BY FISCAL YEAR



O Includes 1.5% increase for the basic budget and 37.6% for Local Government Fiscal Relief

It is possible that the Legislature will consider different reductions. The Administration will work with the Legislature to improve upon adjustment proposals contained in the budget, bearing in mind that (1) the budget must remain balanced and (2) any proposals which are merely deferrals would only add to the state problem in future years and will be opposed by the Administration.

The following includes a summary of the budget changes necessary to provide sufficient funds for the proposed cost-of-living increases. To the extent that legislation is needed to accomplish these changes, the Administration is proposing an omnibus bill to accompany the budget.

Reductions in Local Government Fiscal Relief

In June 1978, California voters approved Proposition 13, which reduced local property taxes by more than fifty percent. The state, having accumulated a large surplus over the previous few years, was in the fortunate position of being able to step in and provide local government with the replacement of most of those lost funds. In 1978–79 the Legislature enacted a one-year local government fiscal relief package which provided about \$4.4 billion to cities, counties, special districts and schools.

In 1979, AB 8, a long-term local financing measure was adopted which provided funding for city, county and special district services by using property taxes that had previously supported schools. The State has increased its financial assistance to school districts to replace the loss in property tax. The total State cost of local fiscal relief is estimated to total \$4.9 billion in 1979–80 and \$5.5 billion in 1980–81.

It was recognized in 1979 that the state might not have sufficient resources to maintain the level of relief beyond the first year. In recognition of that concern, the Legislature added a provision which would provide an automatic deflator to reduce the amount of relief if revenues did not grow at a given rate.

The following is an estimate of the effect of the deflator on local government in 1981–82 under current law.

AB 8 Deflator Estimated Impact 1981–82

(Dol.	lars in Millions)
Base Year Amount	\$20,600
Estimated Percent Increase in	
CPI (1980-81 over 1979-80)	12.8%
Population	2.0%
	14.8%
Adjusted Base Amount (\$20,600 × 1.148)	\$23,650
Estimated: General Fund Revenues	\$21,020
Less AB 66 Revenues	180
Plus General Fund Surplus	-
Total	\$20,840
Amount of Reduction in School and Local Govern- ment Subventions	\$2,810
Amount of Reduction Allocable to	
Schools	\$1,405
Local Governments	\$1,405

The potential amount of reduction, if allowed to occur, would mean fiscal havoc at the local level.

In lieu of allowing the deflator to be activated, we propose the following alternative.

It is proposed that \$420 million in property taxes be shifted from cities, counties and special districts back to schools. This will require local government to reduce expenditures about 3 percent.

Since counties administer many of the state health and welfare programs and these areas have been subject to reduction during the state budget development process, the county expenditures have been adjusted to exclude public assistance and health expenditures. They have little control over these programs and it would not be appropriate to subject these programs to additional cuts. The amount shifted back to schools from cities and counties is equal to 3 percent of their estimated 1981–82 expenditures after adjusting county expenditures.

Local expenditures can be reduced by 3 percent and still allow an increase of about 7 percent in the 1981–82 expenditures over 1980–81. This rate of growth is substantially greater than the growth in the expenditures contained in this Budget.

The following shows the property taxes that were shifted by AB 8 from schools to cities, counties and special districts. It also includes the amount that has been proposed for returning to schools.

Property Tax Shift In Millions

			198	1-82	Net
			Current	Proposed	After
Local Government	1979–80	1980-81	Law	Shift	Shift
Counties	\$340	\$401	\$454	-\$150	\$304
Cities	236	278	315	-240	75
Special Districts	206	243	275	-30	245
Total	\$782	\$921	\$1,044	\$420	\$624
Schools	-\$782	-\$921	-\$1,044	+\$420	-\$624

The amount shifted back to schools from each unit of local government would be in proportion to the amount shifted from schools in AB 8.

The following two tables provide a summary of local fiscal relief and estimates of unrestricted local revenues. They show the impact Proposition 13 had on these revenues and provide data on the growth in these funds since 1978-79. This data is based on the latest available local information supplemented with estimates that are consistent with the economic assumptions used in the development of the State Budget.

SUMMARY OF LOCAL REVENUES BEFORE AND AFTER PROPOSITION 13 INCLUDING THE PROVISIONS OF AB 8 (Dollar amounts in millions and expenditures per ADA in dollars)

Education	1977–78	1978-79	1979–80	1980-81	1981–82
K-12 and County Offices:					
Property Tax 1	\$4,375	\$2,107	\$1,755	\$2,030	\$2,888
Other Revenues	12	76	21	21	21
State Assumption of Program Costs	_	2,193	3,187	3,522	3,418
State Apportionments	2,323	2,618	2,726	2,305	1,870
Categorical Aid	707	756	1,065	1,972	2,047
Total	\$7,417	\$7,750	\$8,754	\$9,850	\$10,244
ADA	4,652,486	4,271,181	4,206,150	4,229,300	4,231,400
Expenditures per ADA	\$1,594	\$1,814	\$2,081	\$2,329	\$2,421
Community Colleges:					
Property Tax 1	\$743	\$325	\$271	\$314	\$451
Other Revenues	_	16	-	_	_
State Assumption of Program Costs	_	260	408	460	500
State Apportionments	473	539	568	629	469
Total	\$1,216	\$1,140	\$1,247	\$1,403	\$1,420
ADA	718,303	634,895	664,765	710,700	728,700
Expenditures per ADA	\$1,693	\$1,796	\$1,876	\$1,974	\$1,949
Local Agencies					
Counties:					
Property Tax 1	\$3,154	\$1,349	\$1,858	\$2,209	\$2,351
Other Revenue 2	1,358	1,590	1,918	2,046	2,230
State Assumption of Program Costs	-	1,071	1,309	1,518	1,694
Block Grant	<u> </u>	424			
Total	\$4,512	\$4,434	\$5,085	\$5,773	\$6,275
Cities:					
Property Tax 1	\$1,073	\$448	\$725	\$879	\$755
Other Revenues 2	2,720	3,196	3,673	4,005	4,464
Block Grant	-,	221	_	-	-
Total	\$3,793	\$3,865	\$4,398	\$4,884	\$5,219
Special Districts:	4-,	,			
Property Tax 1	\$905	\$362	\$618	\$728	\$794
Block Grants	_	190	_	_	-
Total	\$905	\$552	\$618	\$728	\$794

¹ Property tax revenue includes reimbursement for the Homeowner's and Business Inventory Exemptions; and excludes voter approved debt service levies and collections for redevelopment agencies. The 1981-82 collections have been adjusted to reflect the unsecured property taxes and other property taxes shifted to schools.

2 Includes only unrestricted revenues.

LOCAL FISCAL RELIEF GENERAL FUND COST SUMMARY (Dollars in Millions)

				1981-	-82
Health and Welfare	1978-79	1979–80	1980-81	Current Law	Proposed
AFDC—Family Payments	\$244	\$208	\$233	\$287	\$270 a
BHI Payments	79	84	89	110	104 ª
Administration	85	-	_	-	-
SSI/SSP	182	207	244	276 ª	276
Food Stamp Administration	22	_	-	_	-
Medi-Cal	459	522	615	696	696
County Health Services	_	265	319	358	329
Waiver of State Hospital Match	-	6	-	_	_
Other		17	18	19	19
Total	\$1,071	\$1,309	\$1,518	\$1,746	\$1,694
Local Government Property Taxes Shifted from					
Schools to other local government	_	<i>\$782</i>	\$921	\$1,044	<i>\$624</i> ^b
One Time Adjustments					
Block Grants:					
Counties	\$436	-	-	-	-
Cities	250	-	-	-	-
Special Districts	190			<u>-</u> _	
Total	\$876	_	_	_	_
Reduction in BIE Reimbursements:					
Counties	-	-\$17	-	_	_
Cities	_	21	_	-	-
Total	_	-\$39	_	_	_
Schools					
Fiscal Relief, Education	\$2,453	\$3,595	\$3,982	\$4,438	\$3,918 ^b
Property Tax shifted to other local governments	_	-782	921		−624 ^b
Total	\$2,453	\$2,813	\$3,061	\$3,394	\$3,294
Total, Local Fiscal Relief	\$4,400	\$4,865	\$5,500	\$6,184	\$5,612 b

^{*}Includes the proposed 4.75% Cost-of-Living adjustment.
b Reflects the proposed \$420 million shift to schools.

State Budget Cuts

BUDGET REDUCTIONS

Budget reductions of 630 personnel years and \$146 million (General Fund) have been shown as gross adjustments to departmental budgets. The impacts of these reductions are summarized below.

SUMMARY OF 1981–82 BUDGET REDUCTIONS

Function .	Personnel years	Amount
Legislative, Executive, Judicial	103.9	-\$1,810,247
State and Consumer Services .	43.2	-1,466,000
Business, Transportation ar	ıd	
Housing	–11	-356,000
Resources		-2,657,400
Health and Welfare		-87,787,187
Education	183.2	-62,453,311
General Government	48.1	
Totals	629	-\$161,801,264
General Fund	630.5	-145,933,701
Federal Funds	+ 1.5	<i>— 16,838,563</i>
Other Funds		+971,000

LEGISLATIVE, JUDICIAL AND EXECUTIVE

Board of Equalization

In response to the Special Adjustment reduction, the Board is proposing a reduction of 29.9 personnel years from the Sales Tax, Alcoholic Beverage, Local Property Tax Monitoring, County Assessment Standards and State Assessed Property program areas.

	1981–82 Base	Reduction Amount
Personnel Years	\$65,286,591 2,555.7	-\$653,000 -29.9
Personal Services OE&E		(-628,495) (-24,505)

Department of Justice

The 1981-82 budget proposes to discontinue the Department of Justice's program of processing and retaining records of misdemeanor drunken driving and reckless driving arrests. This program costs over \$1 million annually and involves thousands of records, but contributes very little to the control of drunk and reckless

OE&E (Operating Expenses and Equipment)

driving. Furthermore, it represents a substantial duplication of the conviction records already available through the Department of Motor Vehicles.

The elimination of the availability of arrest records would have very little effect on the control of drunk driving because increased penalties for repeat offenders can only be based on convictions and not arrests.

	1981–82 Base	Reduction Amount
Dollars	\$1,125,000	\$1,125,000
Personnel Years	73	–73
Personal Services OE&E		(-\$1,025,000) (-100,000)

State Treasurer

The State Treasurer is eliminating one position in the Investment Services program for a reduction of \$32,247. This position represents a lower priority activity and the reduction can be accomplished without impairing the effectiveness of the office.

	1981–82 Base	Reduction Amount
Dollars Personnel Years	\$3,224,739 128.6	-\$32,247 -1
Personal Services		(-32.247)

STATE AND CONSUMER SERVICES

State Personnel Board

The State Personnel Board has reduced its operating expense budget by \$75,000 on a basis of a review of low priority programs. This reduction will be made by increasing efficiencies and economies and will not impact services to various state and local governmental entities.

	1981–82 Base	Reduction Amount
Dollars Personnel Years	\$23,095,681 622.6	-\$75,000 -
Personal Services OE&E		(-75,000)

Department of General Services

To reduce lower priority program expenditures, yet still provide State agencies with adequate support services, the Department of General Services will be reducing operating expenses in various programs by \$64,000.

	1981–82 Base	Reduction Amount
Dollars Personnel Years	\$6,405,931 95.8	\$64,000 -
OE&E		(-64,000)

Department of Fair Employment and Housing

The department will increase casework productivity and thereby reduce 1.5 personnel years.

	1981–82 Base	Reduction Amount
Dollars	\$7,735,153	-\$100,000
Personnel Years	185	-1.5
Prevention and Elimina- tion of Discrimination		
in Employment and Housing		(-100,000)

Franchise Tax Board

Staff will be redirected to undertake only the highest priority personal income tax and bank and corporation tax audits. Some lower priority classes of audits will be reduced in number or eliminated. A report is expected from the Auditor General at the request of the Legislature addressing the question of appropriate audit selection system for auditing of personal income tax and bank and corporation tax returns.

	1981–82 Base	Reduction Amount
Dollars Personnel Years	\$78,881,493 3,018.3	-\$825,000 -41.7
Personal Services OE&E		(-753,033) (-71,967)

Department of Veterans Affairs

Educational assistance to veterans' dependents offered by the Department of Veteran's Affairs will be reduced.

The Department accepts only those applicants who are most urgently in need of further education, taking into account both scholastic achievement and financial needs.

The decline in enrollments stemming from

World War II and the Korean conflict veterans permits such an adjustment.

	1981–82 Base	Reduction Amount
Dollars Personnel Years	\$20,136,103 959	\$402,000
Educational Assistance to Veterans' Dependents		(-402,000)

BUSINESS, TRANSPORTATION AND HOUSING

Department of Housing and Community Development

The Department of Housing and Community Development will provide to local sponsoring organizations, written procedures for loan and grant program administration. This will allow the Department to reduce its technical assistance activities by eliminating 4 personnel years within the Community Affairs Division.

	1981–82 Base	Reduction Amount
Dollars Personnel Years	\$15,575,658 170	-\$125,000 -4
Personal ServicesOE&E		(-100,000) (-25,000)

Department of Corporations

Activities in the Investment Program will be reduced by 1.7 personnel years, and activities in the Lender Fiduciary Program by 1.3 personnel years as a result of streamlining various administrative functions.

	1981–82 Base	Reduction Amount
Dollars Personnel Years	\$9,132,576 248	-\$93,000 -3
Personal Services OE&E		(-52,877) (-40,123)

Department of Alcoholic Beverage Control

The Department of Alcoholic Beverage Control is proposing a reduction of four positions and \$138,000 in its Compliance Program, which is responsible for enforcement of the laws and regulations related to alcoholic beverages.

	1981–82	Reduction
	Base	Amount
Dollars	\$13,358,813	-\$138,000
Personnel Years	383.6	-4
Personal Services		(-132,714)
OE&E		(-5,286)

RESOURCES

State Lands Commission

The Energy Exploration Program begun in 1980-81 will be reduced from \$681,493 to \$271,-493. This will be effected by suspending the geothermal lease program for one year and scaling back the oil/gas development program.

	1981–82 Base	Reduction Amount
Dollars Personnel Years	\$7,567,463 263	\$410,000 -
OE&E		(-410,000)

Department of Forestry

In order to effect a \$636,400 reduction in General Funds, the Department is reducing 6 Fire Prevention Captains, 9.2 Fire Prevention Assistants and 5 State Forest Ranger III's. This will reduce the Department's efforts in fire prevention activities and will eliminate the regional managers of the conservation camp program.

	1981–82 Base	Reduction Amount
Dollars Personnel Years	\$114,757,503 2,803.2	-\$636,400 -20.2
Personal Services OE&E		(-524,570) (-111,830)

Department of Conservation

Conservation proposes to reduce consultant services by eliminating a contract to measure established points along either side of the San Andreas fault in both Northern and Southern California.

	1981–82 Base	Reduction Amount
Dollars	\$9,233,197	-\$50,000
OE&E		(-50,000)

Department of Parks and Recreation

In order to optimize the utility of funds available for State Park Operations, the Department has reviewed the level of General Fund support for visitor services in the various state park facilities. Pursuant to this review the Department is proposing to restructure visitor services in those facilities receiving the highest levels of subsidy to improve the systemwide cost/benefit of such activities.

	1981-82	Reduction
	Base	Amount
Dollars	\$69,020,114	-\$585,000
Personnel Years	2,235.9	-27
Personal Services		(-385,000)
OE&E		(-200,000)

Solid Waste Management Board

The Board annually contracts with the Department of General Services for clerical support to aid in processing grant applications. The Board proposes to reduce the amount for contracted clerical support by \$10,750, requiring the Board to amend existing priorities to assimilate the workload increase.

	1981–82 Base	Reduction Amount
Dollars	\$1,592,485	-\$10,750
OE&E		(-10,750)

Department of Water Resources

The DWR proposes to change funding for its Weather Modification Program from General Fund to reimbursements. DWR also proposes to amend the existing law that the watermaster program be funded 50/50 by the General Fund and reimbursements. The proposed funding for watermaster services would be one-third General Fund and two-thirds reimbursements. Legislation will be introduced concurrent with the Budget Bill to achieve these program changes. The Department will also reduce administrative support for the Flood Control Subvention Program. Further, DWR proposes to eliminate General Fund support for recreation planning and implementation and reduce support for reclamation board activities. In addition, DWR proposes to reduce General Fund support for topographic mapping and water quality/supply studies.

		1981–82 Base	Reduction Amount
	llarssonnel Years	\$22,351,900 391	-\$671,000 -7.6
rei	sonner rears	391	-7.0
10	Continuing		
	Formulation of the		
	California Water Plan		(-100,000)
20	Implementa-		
	tion of the State Water		
	Resources Develop-		
	ment System		(-50,900)
30	Public Safety and Pre-		(
40	vention of Damage		(-252,633)
40	Services		(-267,467)

California-Tahoe Regional Planning Agency

Reduce staffing for land use permit processing and defer planned move into new (leased) facilities.

	1981–82 Base	Reduction Amount
Dollars	\$488,245	-\$40,000
Personnel Years	8	-1
40.10 Local Assistance		(-40,000)

Department of Fish and Game

Fish and Game proposes to reduce the level of inspection of pet stores and airports for violation of laws pertaining to use, transportation and ownership of exotic and prohibited species, and to reduce one personnel year applied to investigations of problems and needs with respect to pesticide contamination, pollution, disease and food habits.

	1981–82 Base	Reduction Amount
Personnel Years	\$4,850,848 1,608.9	-\$50,000 -2
Personal Services OE&E		(-39,876) (-10,124)

State Water Resources Control Board

Reduce staffing for water rights/permit processing. This program, which is currently authorized 59 personnel years, is responsible for processing applications and issuing permits for the appropriation and storage of water. The Board proposes a reduction of 3 positions in this program.

	1981–82 Base	Reduction . Amount
Dollars Personnel Years	\$14,933,681 340	-\$150,500 -3
20 Water Rights		(-150,500)

Air Resources Board

The Air Resources Board has reduced the proposed Toxic Substances Control Program by 1.6 positions and \$53,750 in fiscal year 1981-82. The remaining enforcement resources (3 positions and \$122,231) will be concentrated on de-

tecting, testing, evaluating and eliminating sources of hazardous air pollutants brought to the attention of the Board by concerned citizens, government agencies and various organizations.

	1981–82 Base	Reduction Amount
Dollars	\$4,982,173	—\$53,750
Personnel Years	109.6	-1.6
Personal Services		(-40,752)
OE&E		(-12,998)

HEALTH AND WELFARE

To enable the 1981-82 Governor's Budget to provide the necessary resources for the most essential programs it was necessary to reprioritize programs in the Health and Welfare area. Following is specific information concerning low priority reductions or changes in certain program areas to reduce expenditure levels.

HEALTH AND WELFARE AGENCY TOTALS

	Personnel	
	years	Amount
State Operations		
General Fund	. —42	-\$3,190,105
Federal Funds	. +1.5	+59,337
Reimbursements	·	+971,000
Total	40.5	-\$2,159,768
Local Assistance		
General Fund	. — 136.7	-\$68,729,519
Federal Funds		-16,897,900
County Funds	. <u></u> _	(-5,932,800)
Total	136.7	-\$85,627,419
Total Health and Welfare	177.2	-\$87,787,187

Department of Health Services

The Medi-Cal program was reviewed for areas in which efficiencies and economies could be made and still maintain quality services to those in need. Four areas are proposed for changes in department regulations which will effectuate net savings of approximately \$22.5 million (\$13.8 million General Fund). These are as follows:

1. "Administrative Day" Reimbursement. Currently Medi-Cal reimbursement for an "administrative day" (a day of nursing home care provided in an inpatient facility to a patient awaiting nursing home placement) is set at the lowest hospital ward rate, an average cost of approximately \$130/day. As the patients are receiving a skilled nursing facility level of care, this proposal is to establish the administrative day rate at a skilled nursing facility rate

approximating \$84/day. Budget year savings of \$2.1 million are estimated.

2. Hospital Inpatient Occupancy Standard. Total capacity of hospitals is measured in licensed beds, even though many licensed beds are not set up, staffed, and available for immediate occupancy. This excess of beds over that necessary to meet anticipated demand is commonly called "excess capacity." One indicator of excess capacity is occupancy rates. In 1979, the average California occupancy rate approximated 55 percent of licensed beds.

Under this proposal, the Medi-Cal Program would not pay for excess and unneedhospital capacity. Funding non-rural hospitals will be based on the average occupancy rates and reimbursement will be reduced for hospitals whose occupancy rates are below the established standard initially to be set at 55 percent. To provide adequate access to Medi-Cal patients, rural hospitals (as defined in Health and Safety Code Section 1339.9), frequently the sole providers of care in smaller communities, will be excluded from these limits. Savings of \$15.8 million are projected for 1981-82.

- 3. Review of Hospital Ancillary Charges. To stem the increase in hospital charges for medically unnecessary ancillary services, Department of Health Services, through the fiscal intermediary, will begin screening the ancillary component of all hospital claims. The Department will develop criteria for judging the necessity of ancillary services rendered by hospitals for a specific surgical procedure or illness and will deny payment for those services deemed unnecessary. Projected savings are \$3 million in 1981–82. Two positions are proposed to develop the criteria and prepayment controls used to detect inappropriate ancillary charges from hospitals.
- 4. Property Verification. Currently aged, blind and disabled medically needy (ABD-MN) Medi-Cal eligibles are not required to submit quarterly income status reports. However, quality control statistics indicate that misreporting of property holdings by ABD-MN eligibles is a major source of eligiblity determination errors. Under this

proposal, the Department, through county welfare departments, will initiate verification of the value of ABD-MN clients countable property when they apply for Medi-Cal and at annual eligibility redeterminations. It is estimated that program savings of \$1.9 million will be achieved in 1981–82 with county administrative costs at \$256,000.

These savings are not discussed in the Department of Health budget but are reflected in the Departments budget totals. In addition to these proposals other Medi-Cal Savings and Recovery proposals are included in the budget and discussed elsewhere in the "A" pages.

		1981–82	Reduction
		Base	Amount
Dollars		5,079,622,976	-\$22,450,811
Personnel Years		1,201.8	+2.0
	General	Federal	
State Operations	Fund	Fund	Total
Personal Services	(+33,0	605) (+52,	684) (+86,289)
Operating Expense			
Equipment	(+4,2	247) (+6,	653) (+10,900)
Total	(+37,8	852) (+59,	337) (+97,189)
Local Assistance	•		
Benefit payments	(-13,987,0)	(-8,817,6)	000) (-22,804,000)
County Adminis-			
trative	(+128,0	(+128,0)	000) (+256,000)
Total	(-13,859,0	(-8,689,689,689,689,689,689,689,689,689,68	000) (-22,548,000)

Department of Developmental Services

Savings proposed for 1981–82 for the Department of Developmental Services total \$7,534,633 and 111.7 positions.

The 1981–82 budget for State operations proposes Special Adjustment reductions in the amount of \$653,917 and nine positions. These reductions include: (1) \$277,000 in the Department's operating expense and equipment budget as a result of a concerted effort on the part of headquarters management to reduce lower priority expeditures in printing, consultant contracts, travel, and equipment; (2) \$133,824 and three positions from the Planning and Evaluation Division which will maintain support for planning and evaluation activities mandated by the Legislature but limit the ability to respond to special and discretionary planning studies; (3) \$138,482 and three positions from headquarters training, reducing in-service training by 25 percent; and (4) \$104,611 and three positions from the Department's Facilities Planning Section in recognition of reduced need in future years for

electrical and mechanical design work as a result of improvements related to Fire and Life Safety and Environmental projects and declining population trends.

A critical evaluation of State hospital expenditures identified savings which total \$4,069,791 and 102.7 positions in the 1981-82 budget. Proposed reductions in operating expenses and equipment (\$1,806,575), planning activities (\$421,928 and 10 positions) and training (\$861,000 and 27 positions), represent reductions similar to those which are proposed in departmental headquarters. Additional reductions in State hospitals include: (1) \$365,066 and 26 positions to reduce groundskeeping by 30 percent, resulting in less frequent trimming, mowing and grounds care; and (2) \$615,222 and 39.7 positions from hospital program administration, representing half-year funding for non-level-ofcare position reductions which will increase the average program size for developmentally disabled programs from 121 clients to 160 clients.

Savings in the total amount of \$2,810,925 are proposed for Regional Center operations in 1981 –82. This amount reflects the elimination of funding for program evaluators added in 1979–80 and education liaison specialists and resource developer positions added to the Regional Centers staffing formula in 1980–81. None of these positions affect direct services or purchase of services for regional center clients and are being proposed in lieu of such reductions.

	1981–82 Base	Reduction Amount
Dollars	\$536,266,868	-\$7,534,633
Personnel Years	15,228.2	-111.7
State Operations	· ·	
Personal Services		(-287,917)
OE&E		(-366,000)
Total		(-\$653,917)
Local Assistance		
State Hospital		(-4,069,791)
Regional Centers		(-2,810,925)
Total		(-6,880,716)

Department of Mental Health

Total program savings in the Department of Mental Health amount to 49 positions and \$3,-481,881.

In State operations, the savings amount to \$2,011,040 and 15 position reductions. The Health Training Centers will continue in full operation, however, participants in the training program will pay the full cost of providing the

training for a savings of \$970,875 through this reimbursement mechanism. Savings of \$418,195 and \$233,805 in the Department's operating expense and equipment budget for departmental administration and support of Atascadero State Hospital will be achieved by carefully prioritizing expenditures in such areas as travel, printing, contracts, training and equipment purchases. Additionally, \$388,165 and 15 positions will be saved as result of consolidation of programs and reductions in certain non-level-of-care activities at Atascadero State Hospital.

In local assistance, savings amount to \$1,470,841 and 34 positions. Savings of \$332,309 and \$300,030 in operating expenses at Metropolitan State Hospital and the Office of Mental Health Social Services will be achieved as a result of prioritization in expenditures similar to that described for State operations. By consolidating from 6 to 5 programs at Metropolitan State Hospital, \$296,502 and 11 positions will be saved. By reducing non-level-of-care positions by 3 percent, \$542,000 and 23 positions will be reduced at Metropolitan State Hospital. Non-level of care include such activities as groundskeeping, administration, laundry and building maintenance.

	1981–82	Reduction
	Base	Amount
Dollars	\$581,389,443	-\$3,481,881
Personnel Years	3,324.9	49
State Operations		
Personal Services		(-388,165)
OE&E		(-652,000)
Reimbursements		(-970,875)
Total		(-2,011,040)
Local Assistance		
Personal Services		(-838,502)
OE&E		(-632,339)
Total		(-1,470,841)

Department of Social Services

For programs managed by the Department of Social Services changes are proposed in four areas which will save \$47,081,962 of General Funds, \$8,208,900 of Federal funds and increase revenue to the General Fund by \$1,028,400. In addition these changes will save \$5,932,800 of county funds expended on these programs.

The major portion of these savings will be due to two adjustments proposed to the Aid for Families with Dependent Children (AFDC) program. These changes affect (1) the AFDC budgeting system (computation of income as an offset to total grant) and (2) the Non-Federal AFDC-Unemployment Program.

The proposed change in the AFDC budgeting system affects how and when an AFDC grant level is adjusted to account for income earned by the recipient. Currently, income considered in determining the grant level is based on income earned two months prior to the pay period. Since the basis for determining income is usually 30 days after the fact, recipients can report that their income has dropped in the intervening month in which case they are guaranteed at least 80 percent of the maximum aid payment for that period (this is called supplementation). However, if the payment period is 25 days or less from the month used for calculation, no supplementation is necessary. Therefore, it is proposed to change the income period from the first to the last day of each month, to the seventh day of one month to the sixth of the next. This will allow checks provided on the first or fifteenth of each month to fall in the necessary 25 day period saving \$6,859,900 in General Funds, \$7,386,800 in Federal Funds, and \$1,214,500 in county funds.

Currently 26 states, including California, participate with the Federal government to provide AFDC grants to families (i.e. both parents at home) who are unemployed. The federal law provides that to qualify, the recipient must have been previously attached to the labor force. However, only California also has a program (fully State and local funded) for this group even if they do not meet federal requirements. Recent U.S. Supreme Court action has held that both the Federal and California's State Only program can no longer require that the test of unemployment be limited to the major wage earner. This court decision now allows the unemployed spouse to qualify, subject to income limitations, and receive AFDC even if the other spouse is employed. This change in eligibilty is one of the major reasons for the \$41.9 million expected deficit in AFDC in the 1980-81 budget year. It is proposed that legislation be adopted that would limit eligibility for the State Only program to those families in which neither parent is employed full time and give the department the authority to require specific conditions of eligibility such as work registration and acceptance of suitable employment. Adoption of this proposal will save \$30,013,900 in General

Funds, \$822,400 in federal funds and \$4,718,300 in county funds. Legislation will be introduced concurrent with the Budget Bill to achieve this program change.

Also, it is proposed to save \$1,765,862 in General Funds by eliminating the Emergency Loan Program, and the State's indemnification of counties for non-repayment, for SSI/SSP recipients whose checks are late from the Federal government. This program was instituted in 1973, when the State and Federal programs were combined, to assure that this change did not disrupt recipients while the problems associated with such a change were resolved. As the system has now been functioning for several years, the provider of the check, that is the Federal government, should take responsibility for any delays. Legislation will be introduced concurrent with the Budget Bill to achieve this program change.

In the area of licensing of Community Care Facilities two changes are proposed. First, it is proposed that licensing Family Day Care facilities which service 12 or fewer clients be discontinued. This proposal will result in a reduction of 32.5 positions and reduce General Fund costs by \$8,765,500 (local assistance \$7,879,300 and state operations \$886,200) in the first year of implementation. Secondly, it is proposed that the Community Care Licensing Division (CCLD) reinstitute fees for licensure because of severe budgetary constraints. Legislation to reinstitute a fee collection system will provide \$1,028,400 in increased revenue, however, the cost of the additional 14 positions, to manage this fee system, will be \$323,200, therefore, the net General Fund impact will be a savings of \$705,200 in the first year of implementation. Legislation will be introduced concurrent with the Budget Bill to achieve these program

cnanges.		081–82 B ase	Reduction Amount
Dollars	\$2,90	00,847,640	-\$55,290,862
Personnel years		411.4	-18.5
State Operations	General Fund	Federal Fund	Total
Personal Serv-			
ices	(-516,946)	_	(-516,946)
OE&E	(-46,054)		(-46,054)
Total	(-563,000)		(-563,000)
Local Assistance			
Benefit Pay-	(((*** 100)	
ments	(-36,490,000)	(-6,535,400)	(-43,025,400)
County Ad- ministration	(-10,028,962)		(-11,702,462)
Total	(-46,518,962)	(-8,208,900)	(-54,727,862)

EDUCATION

Board of Governors, California Community Colleges

Current statutes governing the financing of the State's Community College System expire June 30, 1981. The Governor's Budget proposes to reserve \$919.3 million to fund legislation enacted during the 1981 legislative session to continue a system of community college finance. This amount is an estimated \$10 million less than the amount that would be required under the current structure of community college finance if it were to be continued into the budget year.

In addition, the amount reserved for a community college bill does not include funding for any cost-of-living adjustment. It is anticipated that cost-of-living will be addressed in whatever legislation is proposed for community college finance.

	<i>1981–82</i>	Reduction
	Base	Amount
Dollars	\$929,289,800	-\$10,000,000
Community College Ap-		
portionments	-	(-10,000,000)

California State University and Colleges

The CSUC reduction of \$10 million consists of (1) an increase in nonresident tuition (\$5,000,000), (2) unspecified reductions (\$4,400,000); (3) an increase in late registration fees (\$400,000); (4) a reduction in specialized training (\$103,000) and (5) elimination of external degree fee waivers (\$97,000).

	1981–82 Base	Reduction Amount
Dollars	\$938,670,026	-\$10,000,000
Personnel Years	32,912.5	_
Instruction		(-500,000) (-1,000,000) (-97,000) (-2,603,000) (-5,800,000)

University of California

The University of California reduction consists of \$2,028,750 in additional utility conservation and a \$5,471,250 elimination of budget

improvements that were scheduled in the 1981–82 Governor's Budget. The budget improvements deleted consist of:

1,377,000
1,0,000
1,099,250
629,000
230,000
1,000,000
400,000
466,000
270,000
Reduction
Amount
-\$7,500,000
-180
(-7,500,000)

Department of Education

Education, K-12

The Education, K-12 budget contains three special reductions necessary to balance the budget: (1) elimination of the funding for the Driver Training Program for nonhandicapped high school students; (2) elimination of funding for the statutorily allowable two percent (2%) growth in high school adult education programs; and (3) the elimination of funding for the basic subsidy on *nonneedy* meals in the State Child Nutrition Program.

Driver Training Program -\$19,103,703

The 1981–82 budget proposes to reduce the Driver Training Program by —\$19,103,703 and 3.2 positions to eliminate funding for behind-the-wheel driver training for regular high school students. The budget retains \$999,960 and 1.6 positions to administer and fund driver training programs for the handicapped since, in most cases, private driving schools are ill-equipped to handle training for the physically and educationally handicapped. Legislation will be introduced concurrent with the Budget Bill to achieve this program change.

The resulting savings to the Driver Training Penalty Assessment Fund are proposed for transfer to the General Fund to meet critical funding priorities in other State programs.

Adult Education...... -\$3,386,000

Current law (AB 8, Chapter 282, Statutes of 1979, as amended by AB 2196, Chapter 1354, Statutes of 1980) provides for a two percent (2%) per annum growth in adult average daily attendance (ADA) that the State will fund. The Governor's Budget proposes to reduce funding for adult education apportionments in the amount of —\$3,386,000 by not providing funding for the statutorily allowable two percent ADA growth.

Even with this reduction, the proposed budget will provide funding for an estimated 16,000 adult ADA not funded in 1980–81. This increase results from the enactment of AB 2196 which requires adult education apportionments to be calculated using fiscal year ADA rather than the adult ADA reported for the second principal apportionment.

Child Nutrition.....-\$12,463,608

This reduction represents the elimination of the State's financial assistance to school districts and other eligible agencies for "nonneedy" meals served. Continued in the budget are \$25.1 million, providing assistance for over 292 million meals, representing the State's reimbursement for "needy" meals served. This should ensure that all needy children receive at least one nutritious meal each day. Budget Bill language provides for implementation of this reduction in 1981–82. However, legislation will be introduced concurrent with the Budget Bill to achieve this program change on a continuous basis.

	1981–82 Base	Reduction Amount
Dollars	\$6,758,443,054	-\$34,953,311
Personnel years	2,889.3	-3.2
State Operations I. Instruction Program (I Personal Services OE&E Local Assistance I. Instruction Program		(-120,000) (-85,703)
School Apportionments Driver Training		(-18,898,000)
Adult Education		(-3,386,000)
III. Special Programs Child Nutrition		(-12,463,608)

GENERAL GOVERNMENT

Department of Finance

The State Office of Information Technology (SOIT) has been charged with monitoring the acquisition and utilization of State electronic data processing resources to assure prudent use of EDP and information systems technologies.

Chapter 643/80 expanded that role to one of advocating the use of proven information systems technology and investigating new information systems technology. Proposed staff that were proposed to fully implement this advocacy role will be eliminated. Existing staff will be used to encourage departments to improve efficiency and effectiveness through the use of EDP and information systems.

	1981–82 Base	Reduction Amount
Dollars Personnel years	\$936,003 20.6	-\$224,946 -6.6
Office of Information Technology		(-224,946)

California Fiscal Information System

Additional staff and consultant service funds needed to install the state's new computerized accounting system for the next 75 departments July 1, 1982, will be deferred. About 20 departments with the most severe accounting problems can still be implemented July 1, 1982 with existing staff. Legislation will be proposed to lengthen the three-year implementation period currently required by AB 3322 (Chapter 1284/78).

	1981–82 B ase	Reduction Amount
Personnel years	\$11,950,854 51.5	-\$1,310,073 -7
Personal services OE & E		(-237,696) (-1,072,377)

Department of Food and Agriculture

The Department is reducing temporary help in its agricultural programs by 2 positions and reducing operating support by \$.3 million. Operating support reductions will be from general expenses and will have impact on the following programs: Marketing, Plant Industry, Animal Industry, Pest Management, Measurement Standards, and Inspection Services.

	1981-82 Base	Reduction Amount
Dollars Personnel Years	\$34,763,867 904	-\$347,000 -2
Personal Services OE&E		(-40,000) (-307,000)

Department of Industrial Relations

The Department of Industrial Relations proposes elimination of 13 vacant positions and related operating support in the Division of Industrial Accidents.

	1981–82 Base	Reduction Amount
Dollars Personnel years	\$92,611,179 2,029	-\$926,000 -13
Personal Services		(-763,178) (-162,822)

Commission for Economic Development

The Commission is proposing to reduce its equipment line item from \$3,749 to \$449.

	1981–82 Base	Reduction Amount
Dollars Personnel years	\$328,921 6.8	-\$3,300 -
OE&E		(-3,300)

Public Utilities Commission

The 1981–82 Governor's Budget proposes a General Fund savings of \$800,000 and a reduction of 19 positions. These reductions result from the proposed deregulation by the Public Utilities Commission (PUC) of various types of public services that impact small water and sewer companies, communication utilities (i.e., PBX and radiotelephone services) and public transportation (i.e., charter party and sight seeing/tour buses). Legislation will be introduced concurrent with the Budget Bill to achieve this program change.

The legislation to delete PUC regulatory authority over small water and sewer companies will ensure that the quality of services provided by these companies will not be reduced and that the cost of such services will not be unjustifiably

increased. The judiciary system will be available to both consumers and these public service utilities to remedy any potential unfair practice.

Legislation concerning communication utilities and public transportation will delete all PUC involvement and will allow the competitive market place to establish the rates for these services.

	1981–82 Base	Reduction Amount
Personnel years	\$36,425,458 991.1	-\$800,000 -19
Personal Services OE&E		(-632,000) (-168,000)

Board of Control

Special Adjustment reductions proposed for the Board of Control during 1981–82 total \$9,-800 and 0.5 personnel years.

	1981–82 Base	Reduction Amount
Dollars Personnel Years	\$979,833 101.2	-\$9,800 -0.5
Personal Services OE&E		(-7,123) (-2,677)

Office of Criminal Justice Planning

Chapter 1151, Statutes of 1977, established the Career Criminal Prosecution Program with a sunset provision repealing statutory authorization on January 1, 1982. Legislation will be introduced concurrent with the Budget Bill for continuation of the program. The 1981–82 budget reflects full year funding. The budget also reflects a shift from General Funds to Indemnity funds for the entire program. This would in effect allow for a net reduction of \$1,650,000 in General Fund costs. This funding shift is identified in the Fund Statement of the Indemnification of Private Citizens budget.

	1981–82 Base	Reduction Amount
Dollars Personnel years	\$1,650,000 (1)	-1,650,000 (1)
Personal Services OE&E		(-22,350) (-27,650)

Cost-of-Living Adjustments

As inflation becomes more severe, cost-of-living adjustments become more important. In the past, cost-of-living adjustments were made throughout the budget. However, this year a complete table of cost-of-living adjustments has been compiled and is shown below.

There is not enough money in the 1981–82 budget to fund full cost-of-living increases. Through the budget cuts previously discussed, about \$1.2 billion has been made available for all cost-of-living increases. However, more than \$1.3 billion is required by the statutory COLA's alone. In addition, for every 1% increase in the discretionary COLA's, \$49 million is required, and for every 1% increase in state employees' compensation, \$34 million is required in General Funds.

By making only modest cost-of-living adjustments, further budget cuts can be avoided. We propose a 5% increase for K-12 apportionments and Master Plan for Special Education and a 4.75 percent cost-of-living increase for those other programs where increases are required by statute. The combined cost of these adjustments is \$742 million, leaving a total of \$509 million available to the Legislature to fund discretionary increases in the remaining programs as well as employees' compensation and any additional in-

creases for the programs with statutory COLA's.

Some alternatives that the Legislature may wish to consider in allocating the available funds include:

- 1. Fund the full statutory inflation adjustment averaging 7.2% for regular K-12 apportionment and special education apportionment. This would require \$140 million more than is currently provided in this budget.
- 2. Insure the meeting of state hospital population goals for individuals with developmental disabilities by authorizing rate adjustments for the maintenance of existing, and development of new, community care and day treatment programs.
- 3. Provide a 5% across-the-board increase.
- 4. Limit increases to certain Health and Welfare programs. California currently provides the highest SSI/SSP and AFDC grants to individuals of any state. (See discussion on State comparisons immediately following the COLA table.)

The chart below lists those amounts included in the budget in-lieu of the statutory authorizations. The amounts necessary to fund full statutory increases, as well as, those programs eligible for discretionary increases are also displayed.

GENERAL FUND COST-OF-LIVING INCREASES 1981–82 FISCAL YEAR (In Thousands)

Amount Budgeted in Lieu

	1%	of Sta		Ct-	
	Dollar	Percent	tutory Percent		utory
Agency/Department/Program	Increase	Increase	Increase	Percent Increase	Dollar Increase
Legislative, Judicial, Executive	mercase	mercase	Increase	IIICICASC	Increase
Salaries of Judges *	\$363	_	_	_	_
Health and Welfare					
Local Alcohol Programs	338 282	_	-	-	-
Local Drug Abuse Programs	202	_	_	-	_
County Health Services	3,137	4.75	\$16,353	14.5	\$45,156
Medi-Cal-Hospital Inpatient b	69,113	15	69,113	15	69,113
Medi-Cal-"Spin-off"	380 2,731	3.9 4.75	1,482 9,381	3.9 11.2	1,482
Medi-Cal-"Spin-off" Child Health and Disability Prev	35	4.75	5,561	11.2	19,359
Medi-Cal-Provider Rate	10,485	-	-	_	_
Medi-Cal-County Admin	1,013	_	-	-	_
Public Health—Family PlanPublic Health—CCS, Inpatient	350 130	4.75	684	15	2,160
Public Health—CCS Other	211	_	-	-	2,100
Public Health—GHPP Inpatient	35	4.75	168	15	531
Public Health—CHPP Other	9 169	-	-	-	-
Public Health—Other	2,850	Ξ	_	Ξ	_
Local Mental Health Programs	3,400	_	_	_	_
Social Services					
SSI/SSP	30,034	4.75	141,910	11.2	349,210
AFDCIHSS—Statutory	13,855 292	4.75 4.75	65,813 1,369	11.2 11.2	152,987
APSB	18	4.75	86	11.2	3,221 203
Maternity Home Care	21	_	_		_
IHSS—Minimum Wage	1,071	_	-	-	-
Adoptions	172 65	-	-	-	-
County Administration	1,050	_	Ξ	_	
IHSS—Nonstatutory	416	_	_	-	_
OCSS—Nonstatutory	1,470	-	-	-	-
24-Hour Response	79	-	_	-	-
· Justice System	634	_	_	_	_
Education					
Department of Education Total Apportionments:	(FF 610)		(200 010)		(50 4 400)
K-12	(75,612) 70,087	5	(369,216) 350,913	- 7.2	(534,406) 506,359
Gifted and Talented	163	_	-	-	-
Transportation	750	4.75	3,563	10.7	8,000
Court Mandates	1,509 1,670	4.75	7,933	6	10,022
County Offices of Educ	1,433	4.75	6,807	7.2	10,022
Child Nutrition	234	4.75	1,142	9.6	2,246
Teachers Retirement	1,616	4.75 4.75	7,676	10.4	16,727
Instructional Material	423 1,500	4.75	2,009	12.7	5,371
Economic Impact Aid	1,620	_	_	_	_
Miller-Unruh Reading Prog	152	-	-	_	_
Native American Indian Educ	3	-	_	-	-
Demo Pgrms in Reading Math	34 7			-	-
Career Guidance Centers	2	Ξ	Ξ		
Resource Centers (Staff Dev)	15	-	_	_	_
Professional Dev Center	7	-	-	-	-
School Site Staff Dev	9 2,109	Ξ	Ξ	I I	
Master Plan for Special Educ	6,414	5	32,467	7.2	46,181
Preschool	286	_		-	_
Division of Libraries	52 547	-	-	-	-
Urban Impact Aid	87		Ξ.	Ξ	Ξ
Board of Governor, Calif Community Colleges					
Apportionments	14,925	-	-	-	-
Special Education Allowances	172 212	-	-	-	-
Student Aid Commission Cal-Grant A & B Awards	837			_	Ξ
General Government					
California Arts Council	57	-	-	-	-
Public Broadcasting Comm	5 40		_	-	
Employee Compensation	34,346	_	_	_	
Personal Property Tax Relief	4,957	4.75	23,545	16.6	82,286
Totals	\$290,488	-	\$742,414	_	\$1,330,639
Total 1% Excluding Medical Hospital Inpatient	(\$221,375)	-	-	-	=

^a Statutory salaries of superior court judges are limited to 5% or no more than State employees. ^b Federal statute requires this level.

AFDC and SSI/SSP Grant Comparisons with Other States

The Federal Government mandates two financial aid programs; Supplementary Security Income (SSI) for adults and the Aid to Families with Dependent Children (AFDC). The Federal Government also allows a variety of optional State supplemental programs. Examples of optional programs enacted in California are the AFDC-Unemployed Program (AFDC-U) and the State Supplemental Program (SSP).

California has approximately 10 percent of the total U.S. population. Based on the latest data available, California had a monthly SSI/SSP caseload of approximately 17 percent (705,000) of the nation's SSI/SSP population (4.16 million), but provided an average of 25 percent of the federally administered SSI and SSP aid payments (\$162.3 million of \$640.8 million total average monthly payments). This difference in population compared to payment level may be

attributed primarily to two factors: (1) California provided more State funds than all other 26 states with the federally administered SSP program (63 percent of the total); and (2) California is the only State with a statutory cost-of-living increase.

In the AFDC program, California in the first three months of 1980 had approximately 13.1 percent of the nation's AFDC population receiving AFDC benefits, but expended 17.8 percent of the total aid payments. While specific data is unavailable, this higher payment level compared to population may also be attributed to California's statutory cost-of-living increase provisions and the additional cost of the State's optional AFDC-U program (Federal and Non-Federal).

As indicated in the table below, California has the highest SSI/SSP and AFDC financial aid payment standards in the nation.

Ten Most Populated States
SSI/SSP and AFDC Payments as of January 1, 1981

		SSI/SSP Payr	ment Standards		AFDC
	Aged and	Disabled	Blit	ıd	Maximum Aid Payment
States 1	Individuals	Couples	Individuals	Couples	Family of 3
California	\$402	\$746	\$451	\$877	\$463
New York 3	301	436	301	436	394
Texas ²	238	357	238	357	116
Pennsylvania	270	406	270	406	311
Illinois ^{2, 3}	238	357	238	357	288
Ohio ²	238	357	238	357	263
Michigan 3	. 262	393	262	393	437
Florida ²	. 238	357	238	357	195
New Jersey	. 261	369	261	369	360
Massachusetts 4	. 375	572	396	792	358

¹ In descending order by State population. ² These states do not supplement SSI.

¹ Volume 43, Numbers 9, 10 and 11, Social Security Bulletin. U.S. Department of Health and Human Services, Summer of 1980.

³ SSI/SSP grant level varies regionally within the State.

⁴ Disabled payments are slightly lower than those in the aged category.

Unsecured Roll

In August 1980, the California Supreme Court ruled that the unsecured portion of 1978–79 personal property taxes collected by local government be based on the prior year rate. This ruling makes available unanticipated revenues of about \$500 million. Following the court ruling, the Legislature enacted Chapter 1354/80 and froze the use of this one-time revenue allowing themselves time to consider the proper allocation of these funds in the forthcoming budget year.

At the time the local government's fiscal relief was first contemplated in 1978, it was assumed that the rate that was levied on the unsecured roll was correct. If the Legislature had known that the rate that was eventually required by the courts would have resulted in these additional funds million to local governments, it is safe to assume the fiscal relief package would have been \$500 million less than it was. Furthermore, since the \$500 million in tax revenues constitutes a one-time revenue source, it is essential that these one-time monies not be used to support ongoing programs. In line with this philosophy, the administration recommends the following:

Replenish the Reserve for Economic Uncertainty—\$250 million

The Legislature has established a Reserve for Economic Uncertainties. Revenue shortfalls and proposed deficiencies will require that \$250 million be transferred from that reserve to the General Fund during 1980–81. There will then be a shortage in the Reserve in the Budget year. To replenish the reserve, \$250 million of the unsecured roll should be used in 1981–82 to bring that reserve back to the level authorized by the Legislature.

One-time Expenditure Programs—\$250 million

The remainder of the funds from the unsecured role also should be used for one-time expenditures.

The majority of these proposals represent a commitment to preserve the capital assets of the State and to respond to the critical situation in

prison facilities at the State and local level.

Polychlorinated Biphenyls—\$30 million

\$30 million should be used to implement a comprehensive statewide program to replace all electrical distribution system equipment that utilize polychlorinated biphenyl (PCB) substances as insulating materials in state facilities and institutions. The equipment containing this substance must be removed to eliminate the related public health hazards.

Department of Corrections—Facilities Requirement Plan—\$27.7 million

Population pressures upon California's prison system have increased dramatically in recent years because of increased penalties and longer sentences resulting from legislation enacted within the last five years. In order to meet the need to improve existing facilities and to build new prisons, the Department of Corrections has developed a Facilities Requirement Plan for a comprehensive capital outlay package covering the next 10 years. The 1981–82 increment of the plan is \$27.7 million consisting of:

- 1. Partial construction of two 500-bed maximum security facilities and a 100-bed minimum service facility at Tehachapi. This proposed appropriation will finance construction costs anticipated during 1981-82 including preliminary site development work, utilities, and purchase of long lead items. Total costs for this facility are estimated at \$74 million......
- 2. Preliminary plans and working drawings for two 500-bed maximum security facilities and a 150-bed minimum security service facility near San Diego.

 Total cost of this facility is expected to exceed \$74 million.

 Preliminary plans for three 500-bed maximum security facilities and a 200\$15.3 M

5.5 M

4.9 M

2.0 M

4. Second increment funding for acquisition of temporary housing for lower security prisoners. Item 567(e) of Chap. 510/80 appropriated \$9 million for acquisition and installation of 1,280 temporary housing units during 1980 –81. This proposed appropriation will provide funds for additional temporary beds pending construction of permanent facilities......

Development of Information Technology—\$5 million

In order to control and reduce the cost of government the Administration is committed to implementing modern information technology. Legislation is being proposed to establish the Information Technology Revolving Fund with \$5 million to be used for search and demonstration projects and support statewide electronic data processing projects which would produce current or future cost savings, but for which implementation funding is not currently available. Savings generated by these projects will be used in future budget cycles to replenish the fund and to improve the delivery of the departmental programs.

Board of Corrections—County Jail Capital Expenditure Program—\$40 million

This \$40 million proposal is in response to the enactment of AB 3245, Chapter 1351/80, which established the County Jail Capital Expenditure Fund for 1981–82 fiscal year. The bill requires the Board of Corrections to conduct needs assessment surveys for county corrections/detention facilities. These surveys include review of facilities, incarceration practices, jail population projections and assistance in development of architect design/programming. The program is intended to provide county government with reliable data for purposes of making decisions on remodeling or construction of county correctional facilities.

In accordance with provisions of Chapter 1351/80, several administrative procedures are required in order to implement the County Jail Capital Expenditure Program. The Board of Corrections will develop an overall plan for the County Jail Capital Expenditure Program. This would include development of a working committee, funding criteria, regulations, public hearings, and technical assistance to prospective agencies.

As a result of informal inspections of several local facilities, the Board of Corrections estimates a minimum need for \$208 million to bring facilities up to standards. It is expected that the \$40 million will be disbursed to Counties whose facilities have the most critical health and security needs. The criteria to prioritize these needs by county will be developed by the Board of Corrections in conjunction with Legislative recommendations pursuant to Chapter 1351/80.

California Community Colleges—\$5 million

Because of shrinking funds in the wake of Proposition 13, combined with increasing costs, the Chancellor's Office has estimated there is a substantial backlog of deferred maintenance projects needing completion at community colleges. The Governor's Budget for 1981–82 includes \$3,180,000 from the Capital Outlay Fund for Public Higher Education for deferred maintenance and special repairs with the funds to be allocated by the Chancellor's Office. An additional \$5 million from the unsecured property tax roll should be used to further reduce the deferred maintenance backlog.

Education (K-12)—\$142.3 million

A similar, yet larger (\$900 million) deferred maintenance problem exists for K-12 school facilities. The remaining \$142.3 million of the unsecured roll should be used to reduce this problem. In allocating these funds, the State Allocation Board should give special consideration to the following factors:

- 1. the severity of the District's deferred maintenance problems.
- 2. evidence that the District has committed an appropriate portion of its own funds for maintenance, and
- 3. the full utilization of the district's facilities.

Method of Implementation

The unsecured property tax is collected by local government. In order to minimize confusion which might occur in transferring funds from local government to the state, it is proposed

that General Fund expenditures which would be transferred to local government be reduced by the \$500 million currently estimated as revenues from the unsecured roll.

The reductions are as follow	s:	
Homeowners Property Tax		
Relief	209	million
Personal Property Tax Relief	26	million
K-12 Education	265	million
<u>-</u>		-
Total	\$500	million

Program Presentations

Environment

ENERGY

Planning for an affordable, secure, and safe energy future remains one of our most important challenges. Electricity and natural gas prices, which have approximately doubled in the last 18 months, will continue to increase in 1981. Rising energy prices, continued energy waste, and dependence on foreign oil undermine California's economy by contributing to inflation and diverting dollars out of the State.

This year's state energy programs are based on:

Reducing State government energy expenditures through the implementation of cost-effective conservation, cogeneration, and renewable resource technologies.

Promoting cost-effective conservation investments at home and work through the provision of audits, tax incentives, and direct financial assistance by utilities.

 Developing efficient and renewable energy production technologies such as cogeneration, solar energy, biomass, and wind energy to reduce the State's dependence on foreign oil.

 Expediting development of California's heavy oil reserves.

The goal of California's State operations energy program is to minimize life cycle/energy costs by selecting and implementing cost-effective energy conservation and energy production technologies. California now spends in excess of \$250 million dollars annually for energy used in State facilities. Through investments that emphasize conservation and efficient production, the State can help stabilize the future impacts of energy costs on State budgets. The 1981–82 budget proposes expenditures to help reduce State energy use by 20%, to begin the development of 400 megawatts of cogeneration and to develop renewable energy sources at State facilities.

The Energy Assessments Program of the Department of General Services, working with the Energy Commission and the Office of Appropriate Technology, is responsible for assuring that

State agencies reach the Governor's goals of developing 400 megawatts of cogeneration and a 20% reduction in energy use by 1983. To achieve these goals, the Energy Assessments Group reviews potential energy investments, and conducts engineering feasibility studies for the most promising projects. Through the State Operations Energy Task force, the Assessments Group provides technical assistance to other agencies and coordinates the implementation of the 20% reduction goal.

State agencies, working with California's utilities, have developed a comprehensive residential energy conservation program as well as programs to assist businesses and industries. Current programs include free energy audits, no-interest financing for conservation measures, a 40% income tax credit for conservation measures, and accelerated depreciation for business conservation investments. New Residential Building Standards, to be adopted by the Energy Commission in early 1981, will save California households billions of dollars in avoided energy costs over future decades.

As a result of legislative and administrative actions over the past few years, California is now the recognized leader in the development and implementation of efficient, renewable energy technologies. State actions have led to the successful development of cogeneration, biomass, small hydro, and wind projects, and private interest and activity in these areas is rapidly growing. The State's 55% solar tax credit, renewed by the Legislature in 1980, has provided an incentive for the installation of thousands of solar units throughout California.

California's heavy oil reserves, a resource equivalent in size to Alaska's North Slope, is a key to ending California's dependence on foreign oil sources. Administration and legislative actions over the last few years have sought to secure non-discriminatory Federal tax and pricing treatment for heavy oil, and to expedite the approval of new recovery operations.

The Governor's Proposed 1981–82 budget maintains and expands the energy programs dis-

cussed above. New programs for 1981-82 are funded primarily from the Energy and Resources Fund (ERF), created by the Legislature in 1980 and are detailed below.

In 1981–82, under the direction of the State Lands Commission, \$1 million from ERF will provide for the design and construction of a 300 kilowatt demonstration Solar Pond Power Plant at Owens Dry Lake. This project is based on the highly successful solar pond power plant at the Dead Sea in Israel and offers the long term potential of replacing 50 million barrels of oil per year used for electrical power production in California.

\$2,250,000 from the Energy and Resources Fund will serve as the Energy Commission's share to begin the design and construction of a five megawatt solar pond power demonstration project at the Salton Sea. Other participants in this project are the Federal Department of Energy and Southern California Edison.

\$500,000 has been appropriated from the Energy and Resources Fund in the current year to the Department of Parks and Recreation to retrofit solar equipment to existing park facilities. The \$500,000 solar retrofit program will be renewed and supplemented by a new \$62,760 energy audit program funded from the State Park and Recreation Fund.

As a part of the Cogeneration Blueprint to develop 400 megawatts of cogeneration capacity at State facilities by 1990, the Department of Developmental Services 1981–82 construction program includes \$1,762,835 for cogeneration systems at Agnews, Camarillo, Lanterman, Napa, and Stockton State Hospitals.

A conservation and comfort temperature conditioning system costing \$2,108,740 is planned at Napa State Hospital for patient occupied areas. The use of insulation, shading devices, and other conservation measures provides a substantial savings over the standard refrigerated air conditioning systems.

For the 1981–82 fiscal year, the Department of Corrections proposes to replace and renovate several utility systems at various institutions to provide improved energy efficiency, conservation, and increased opportunities for energy savings. \$733,925 in Energy and Resources Funds is included for reducing energy use by replacing faulty gas and hot water lines, boilers and fuel burners, a security lighting system, and a heat

miser recovery system. Additionally, \$2,158,500 (ERF) is proposed to integrate geothermal and cogeneration technologies as an integral part of the institution's daily operations. This includes the design and construction of a Direct Heat Geothermal project at Susanville, planning funds for potential cogeneration systems at California Training Facility and California Institution for Men, and feasibility study funds for cogeneration systems at Sierra Conservation Center, Deuel Vocational Institution, and California Men's Colony.

The University of California has proposed three support programs for funding from ERF; (1) \$231,080 for the Appropriate Technology Program; (2) \$260,750 for Utilities Conservation, and; (3) \$155,250 for the Energy Institute. These funds will be used to generate, assemble and disseminate information on technologies that are environmentally sound, reduce dependence upon non-renewable resources, and offer practical alternatives to the current level and pattern of resources consumption.

The funding for capital outlay energy conservation measures in 1981–82 for Higher Education is proposed from two sources, (1) Capital Outlay Fund for Public Higher Education (COFPHE), and (2) the Energy and Resources Fund.

\$1,039,000 from COFPHE will provide working drawing and construction funds for a natural gas service electrical cogeneration facility at Davis and energy conservation building retrofit for the Riverside campus. \$527,250 from ERF is proposed for funding preliminary plans for a cogeneration facility at Berkeley, San Diego and the San Francisco campuses.

For the State University and Colleges, planning funds are proposed for new cogeneration plants at State University Northridge, State Polytechnic University Pomona, San Jose State University, and State Polytechnic University San Luis Obispo. In addition, \$1.2 million for construction funds are proposed for a systemwide energy conservation retrofit program, and \$3.6 million for the construction of a cogeneration plant at San Diego State University. These programs will be funded by \$5.3 million from COFPHE and \$207,000 from ERF.

For the California Maritime Academy, \$277,500 from COFPHE is proposed for planning and construction funds for a wind turbine

electric power generator which will provide an alternative source of power sufficient to meet most of the electrical needs of the Academy.

In addition to the energy proposals detailed above, in 1981–82, \$1,004,754 from the Energy Resources Conservation and Development Special Account will provide permanent support to the California Conservation Corps' Energy Conservation residential center located at Greenwood, California further reducing energy consumption.

CONSERVATION

As California's population increases, the State has a growing responsibility to carefully manage its natural resources for the benefit of present and future generations. To meet this public trust, over \$59 million from the Energy and Resources Fund (ERF) has been allocated to departments in the Resources Agency and to the Department of Food and Agriculture. The programs and projects being supported are directed to conserve, restore and enhance California's bountiful but threatened resources. Some of the initiatives are detailed below.

The Department of Forestry will be embarking upon two new resource management programs during 1981–82 funded from ERF. The first is a \$4 million Wildfire and Chaparral Management Program, an expansion of the current Vegetation Management pilot program designed to reduce the potential damage of the fire/flood cycle. The second program will provide \$2.2 million for community urban forestry nurseries.

The Department of Water Resources' continuing efforts to conserve the State's water supplies, includes \$7,739,000 in Energy and Resources funds for water conservation. \$1,039,800 is for the continuation of efforts to identify new and innovative methods of conservation; \$4,680,000 for construction of a 1 million gallon per-day reverse osmosis desalter; \$1,678,200 to distribute water conservation devices to California homes and; \$341,000 for implementation of an urban water conservation program.

The 1981-82 budget for the Water Resources Control Board includes \$2,000,000 from the Energy and Resources Fund to initiate desiltation efforts in Upper Newport Bay. The funds will augment local resources for construction of a sedimentation basin, necessary to combat exten-

sive sedimentation now taking place and adversely impacting the habitat of the bay.

The Department of Fish and Game proposes several programs to enhance fisheries and wild-life. A \$6.3 million modernization and expansion effort for Nimbus Fish Hatchery for the improved production of salmon is included. In addition to being an ecological indicator, salmon support a commercial fishery contributing over \$40 million to California's economy each year, and the salmon sport fishery contributes over \$17 million to the State's economy annually. Further, it is expected that this investment in habitat improvement will benefit many other fish including steelhead and other trout, restore water quality, reduce soil erosion, and provide recreational opportunities.

The Department also proposes in 1981–82 to continue, through the use of \$2.9 million from ERF, their ongoing contractual programs with the CCC and local governments for the reconstruction of spawning riffles and the removal of stream blockages which impede adult salmon migration. The project is expected to result in the restoration of over 500 miles of coastal salmon and steelhead spawning and nursery habitat. Funds have also been included for wild-life habitat improvement and wetlands enhancement.

The Department of Parks and Recreation proposes a \$10 million increase in the Roberti-Z'berg Urban Open Space Program funded from ERF. \$6 million will be utilized to improve fishing facilities in urban areas. The Department's resource management program will be increased from \$500,000 ERF in the current year to \$1,073,000 from the State Park and Recreation Fund.

Other projects proposed for funding from the Energy and Resources Fund include: a \$12.5 million Agricultural Resources Investment Fund for protection of renewable resources in agriculture; \$2,835,000 for beach erosion control projects; \$190,000 for waterway access sites on the Sacramento River; \$1.5 million for coastal access and lagoon enhancement projects; and \$752,678 for geologic mapping and soils data collection.

Finally, Chapter 250, Statutes of 1980 authorizes the issuance of up to \$285 million in bond funds for parklands acquisition and development and the preservation of coastal resources.

The Coastal Conservancy proposes to allocate \$16 million for grants to counties, cities, and districts for the acquisition, development, rehabilitation, and restoration of real property, or the acquisition of any interest in real property, necessary for the implementation of local coastal programs and for the implementation of projects in the San Francisco Bay.

The Conservancy also has an additional \$10 million available from the Bond Act to support its ongoing programs. In 1981–82, expenditures of \$2,575,065 are proposed for various acquisition and restoration projects within the coastal

zone.

For projects in the Santa Monica Mountains Zone, this budget allocates \$4 million from the Parklands Fund of 1980 to the Santa Monica Mountains Conservancy.

TOXIC MATERIALS AND HAZARDOUS WASTES

The increasing use and disposal of toxic materials continues to threaten human health and the environment. The rush to use and dump these materials in the past has led to industrial cancer, hazardous waste dumps, and polluted water today. Not only is the volume of toxic substances increasing, but literally hundreds of new chemical compounds are being introduced each year for industrial, agricultural, and domestic applications. An estimated 35,000 chemical compounds, currently on the market in the United States, are classified by the federal Environmental Protection Agency as being either definitely or potentially hazardous to human health.

Nearly every region of the state is experiencing some level of contamination. Examples are widespread: findings of DBCP in San Joaquin and Imperial Valley wells, increasing evidence of TCE groundwater contamination in Southern California, the contamination of groundwater in the Rancho Cordova and Lathrop areas by toxic waste disposal, and the recent discovery of asbestos fibres in the Central Valley Water Project. These surface and groundwater sources supply drinking water to over 60 percent of the state's 23 million residents. The ever-increasing incidence of toxic pollutants to the state's waters requires increased vigilance by the state through its detection, monitoring and enforcement ac-

tivities. Additionally, a central focus of the Administrations toxic initiatives are the prevention of adverse human health effects resulting from community exposures to toxic chemicals in the environment. Among these are mutation and cancer-causing substances. Of immediate concern are emergencies due to chemicals surfacing around uncontrolled waste disposal sites throughout the state. The nature and extent of this problem is reflected in the incidence at:

- Stringfellow Quarry, Riverside County (inorganic acids and heavy metals)
- Bolsa Chica Site, Huntington Beach (petroleum acid tars)
- McColl Site, Orange County (petroleum acid tars, PCB's)
- Occidental Site, Lathrop (pesticide production wastes)
- Transformer Mfg. Site, Oakland (PCB contamination)

Last year we undertook an ambitious program to combat toxic proliferation. We doubled our enforcement resources and increased our research and standard-setting abilities. In all, the Administration proposed and the Legislature approved in fiscal year 1980–81 approximately \$6 million for this initial effort. These budget initiatives were supplemented by 14 new bills to strengthen toxics control.

This year the Administration proposes further increases in inspection and cleanup activity, coupled with a forceful program to obtain a net reduction in the use of toxic materials and in the

production of hazardous waste.

The following is a general summary of expenditures proposed in various program budgets for 1981–82. \$30 million is set aside to replace all faulty electrial distribution systems in state facilities that use the carcinogenic and biologically dangerous PCBs (polychlorinated biphenyls). This is a costly but imperative task for governments, public utilities, and other major users of large electrical equipment in our society. These costs are much greater than the costs of prevention would have been, yet for less than the cost to all of us from having PCBs leak into our environment

The Administration proposes the addition of \$5.1 million to increase enforcement capability of the Highway Patrol, Department of Industrial Relations, State Water Resources Control Board, and Department of Health Services.

These monies will also increase standard-setting abilities of the Air Resources Board for airborne carcinogens, and Department of Health services personnel to stimulate recycling and alternative waste disposal techniques.

More specifically under the provisions of Chapter 805, Statutes of 1980, effective January 1, 1981. The Office of Emergency Services will develop emergency response plans for hazardous/toxic materials and develop and maintain a central hazardous substance information center regarding spills of toxic materials. Included in this budget is an increase of \$40,314 to purchase 6 kits of specialized equipment necessary for the proper handling of accidents involving hazardous materials. These kits will be strategically prepositioned throughout the State.

The Department of Industrial Relations budget includes \$242,677 and 5 positions to increase the number of compliance studies of targeted industries where employees are exposed to toxic substances and increase the initiation of compliance actions in the case of violations. There will also be added emphasis on criminal prosecution in the occupational health field where toxic substances are at issue.

The Air Resources Board has included in its program \$964,582 and 15.5 positions to expand its toxics program by:

- 1. A more in-depth assessment and monitoring of Board sponsored research contracts;
- 2. Increasing enforcement efforts to assure compliance with adopted emission control standards;
- 3. Studying and evaluating the impact of diesel particulates and aldehydes;
- 4. Analyzing the impact of synthetic, alternative fuel use; and,
- 5. Increasing the extramural research budget as it relates to toxics.

The Water Resources Control Board will increase program expenditure relating to prevention of toxic pollutants to the State's surface and groundwaters by \$1,419,783 and 23.5 positions. The Board will continue to monitor, inspect, and regulate the storage and discharge of toxic pollutants. In addition, for 1981–82 the Board will increase efforts to identify and assess abandoned disposal sites and increase inspections of existing permitted sites. The Board will begin implementation of a toxic pretreatment program designed to remove toxic pollutants at their source. Also,

the Board will increase efforts to abate toxic pollution stemming from abandoned mines.

The budget of the Department of the California Highway Patrol includes \$158,403 and 4 positions to implement the provisions of SB 825 which mandates the annual inspection of each truck, trailer, vacuum tank, container and cargo tank, domiciled in California, that transport hazardous waste.

The Department of Health Services budget includes \$2,276,884 and 43 positions to increase the Departments' surveillance and enforcement activities to reduce the illegal disposal of toxic wastes.

In addition to increased enforcement of the laws governing the disposal of these wastes, the Department proposed to:

- 1. continue searching for abandoned chemical waste sites;
- 2. investigate new approaches to recycling, or neutralizing waste products;
- 3. criteria for new hazardous waste sites and conduct technical investigations of potential sites;
- 4. assess the effects of toxic chemicals on humans near chemical waste sites; and
- 5. identify birth defects related to environmental factors.

The budget also proposes the implementation of a comprehensive statewide program at a cost of \$30,000,000 to replace all electrical distribution system equipment in state facilities and institutions that utilize polychlorinated biphenyl (PCB) substances as an insulating material. Equipment containing this carcinogenic substance must be removed to eliminate the related public health hazards.

PESTICIDES

Under existing State law and under delegations of authority from the Environmental Protection Agency the Department of Food and Agriculture is responsible for registering all pesticides prior to sale for use in California and for regulating and controlling pesticide use. Pesticide use in the State has increased dramatically in the past decade, and with that increase has come an awareness of the dangers inherent in chemical solutions to pest problems. Experience has taught that pesticides can contaminate water supplies, leave toxic residues on produce, injure

farmworkers' health, and damage non-target crops. At the same time, judicious application of pesticides insures continued agricultural productivity which benefits the general public through lower food costs and promotes the economic stability of the agricultural industry.

Recognizing both the benefits and potential dangers of chemical control of pests, the Legislature enacted Chapter 308, Statutes of 1978, which mandates that pesticide usage in California conform to safety standards set by the California Environmental Quality Act.

As a result, the Department of Food and Agriculture significantly expanded its ongoing State/local regulatory program in 1979–80 to assure that food products and the environment are free from potentially harmful pesticide residues. The new Pesticide Regulatory Program, which has been phased in over three years beginning in 1979–80, requires substantial product information before a pesticide can be registered for sale in California, increases county enforcement activities by approximately 80 percent, and provides for state testing of the environmental and health impact of pesticides.

In 1979-80, the registration phase of the program was partially implemented using existing resources. In the current year, a total of \$11,993,076 (\$9,567,842 for State operations and \$2,425,234 for county operations) was provided for pesticide control, integrated pest management and environmental monitoring, worker health and safety, and county pesticide regulatory activities.

1981-82 represents the first year of full funding for the program. State operations have been increased from \$9,567,842 to \$10,199,063 to complete the phase-in of new regulatory activities. General Fund transfers to county agricul-

tural commissioners have been augmented from \$2,425,234 to \$2,880,912 to provide full year funding for the county portion of the program. The total cost of the program in 1981–82, including local assistance supported by the Agricultural Fund, is \$16,731,246.

EARTHQUAKE

Recent scientific evidence indicates the high probability of a major earthquake in California within the next 30 years. An earthquake of Richter magnitude 7 or greater in Southern California could result in 3,000 to 23,000 deaths and property damage of \$15 billion to \$70 billion. Reviews by public officials agree that neither California nor the federal government is sufficiently prepared for such a catastrophic earthquake.

The Administration is proposing the addition of over \$4.5 million for the 1981–82 budget to increase the State's readiness to respond to a major earthquake. The program will be coordinated with the federal government and local agencies. A major component will be the involvement of the private sector. This comprehensive effort is intended to increase the State's readiness through clarification of authority and command, public education and volunteer training and identification of private and public resources for response and recovery.

The following is a display of the various proposed activities. Although the entire program is included in the budget of the Office of Emergency Services, funds are proposed to be allocated to other key departments for contracted services.

Activity	Description	1981–82 Expenditures
Task Force Administration	Initial design and direction of the Earthquake Preparedness and Response Program is being provided by the Governor's Emergency Task Force on Earthquakes consisting of representatives of several departments and agencies within State government.	\$235,000 3 pos.
	The Task Force will be formalized by the authority of a forthcoming Executive Order, expanding the organization to include a Steering Committee, about 30 functional Advisory Committees and a State Planning Committee. In addition to various departmental representatives, these committees will include executives from the Trisk Force Steering Committee will transfer its functions to a Comprehensive Emergency Management group in the budget year through legislation or executive order.	
	A small increase in staff and operating expenses in the Office of Emergency Services will be required to support the executive director of the Task Force and to coordinate and support the activities of the various Advisory Committees, primarily for travel and per diem expenses of private sector members of the committees.	
Comprehensive Emergency Management Office	This office will be created through legislation or executive order to provide a permanent structure to assume the functions of the Steering Committee of the Governor's Emergency Task Force on Earthquakes. The group will monitor the activities of the Advisory and State Planning Committees and report their activities directly to the Governor. Although created initially to direct earthquake planning, the Office could serve to focus greater attention on all emergency planning particularly for hazard mitigation and disaster recovery.	\$300,000 7 pos.
Emergency Public Information Center (EPIC)	An Emergency Public Information Center (EPIC) will be created with the support and general direction of Office of Emergency Services, but with the participation of representatives from the private sector, community organizations and various governmental agencies. The purpose of the Center will be to inform and educate the general public, private businesses and community groups of earthquake hazards and of the need to prepare for the effects of a catastrophic earthquake or other types of major disasters. Information will be disseminated by telephone, brochure and scheduled formal presentations.	\$780,000 9 pos.
Emergency Management Information System (EMIS)	Various departments will participate in the development of a computerized Emergency Management Information System (EMIS) which will be used to develop models of earthquake effects at various magnitudes and which will test response capability. During an earthquake emergency, EMIS will serve as a real-time operations center to identify and dispatch resources to respond to the earthquake.	\$1,000,000
Volunteer and Neighborhood Training	Studies of disaster response indicate that the general public and local officials must be relied upon to respond during the first six to eight hours before outside help in the form of the National Guard or other organized assistance can be rendered. The Departments of Social Services, Health Services, Forestry, the California Highway Patrol and the California Specialized Training Institute (CSTI) will train both individual volunteers and neighborhood self-help teams in earthquake preparedness and response.	\$2,000,000
	Another feature of this program will be a full-scale exercise which will test earthquake response capabilities using both volunteer and governmental participants.	
Command and Communications	The purpose of this activity is to clarify legal authority in an earthquake emergency and therefore increase the capability of governmental agencies to assume command and provide vital communications during an earthquake emergency affecting a neighboring jurisdiction. Such a program will include refinement of the Disaster Support Area (DSA) concept. The underlying concept of a DSA is to provide a location outside the immediate disaster area to serve as a command post for dispatch of assistance and treatment of casualties.	\$248,000

Crime Prevention and Law Enforcement

Crime in California has risen considerably in recent years and tougher penalties for criminal activity have been enacted. Recent legislation has imposed mandatory sentences and increased penalties for violent offenses, and the population of state prisons and local jails has grown accordingly.

Therefore, this budget provides an increase of over \$120 million to provide subsistance for additional inmates, construct prisons and improve local jails, to assist local law enforcement officers and district attorneys and to provide assistance to victims of violent crimes. In addition several programs which were previously financed from federal funds but which are no longer available will be continued into 1981–82 with General Fund support.

Following is a consolidated display of the expenditures proposed in 1981–82 for those vari-

ous state agencies affected by this program. Expenditures are for state operations, construction and/or planning, and local assistance. More complete descriptions of the expenditures may be found in the budgets of the appropriate departments.

SUMMARY

	Fiscal Year 19	81-82
Organization	Proposed Expenditures	Positions
Department of Justice	\$2,766,130	75.0
Commission on Peace Officers' Stand	d-	
ards and Training	3,586,332	1.5
Department of Corrections	54,400,000	805.5
Department of Youth Authority	3,569,000	42.4
Board of Corrections	40,000,000	0.0
Office of Criminal Justice Planning	10,785,685	6.5
Department of the Military		28.0
Judicial	5,154,000	138.8
Total	\$121,353,147	1,097.7
General Fund	111,600,690	1,079.2
Special Funds	9,687,208	18.5
Federal Funds	65,249	0.0

Organization	Description	1981–82 Expenditures
	Law Enforcement Workload Adjustments. The 1981-82 budget reflects increases in several important law enforcement programs in this department. Some of the programs affected are: .	\$1,505,620 (Gen) 44 pos 474,510 (Spec) 15 pos
	Amount Positions Prison Crimes Prosecutions \$364,589 7 Medi-Cal Fraud Prosecution 416,428 - Criminalistics (Controlled Substance) 182,950 6 Triplicate Prescriptions 280,000 25 Automated Latent Prints 261,653 6 Licensing enforcement 474,510* 15	15 pcs
•	* Reimbursed from the Department of Consumer Affairs.	
andards and Training su Ir pi (i Ir ag Ir	Workload Adjustments. This budget provides for increases to local and Commission support as follows: Increased aid to local law enforcement agencies to fund increased cost of existing program and increase the salary reimbursement rate from 30 percent to 50 percent (\$2,316,332) Increased local assistance budget to provide new funds for training executive and management level personnel in law enforcement agencies. (\$500,000) Increased state support budget to conduct a job task analysis of 25 law enforcement job	\$3,586,332 (Spec) 1.5 pos
(S P	categories (homicide investigator, robbery investigator, sex crimes investigator, etc.) (\$450,000) Provide funds to support a research and evaluation activity to evaluate the effectiveness	
of	of ongoing training courses. (\$320,000) Total, Law Enforcement	\$5,566,462 60.5 pos \$1,505,620 (Gen) 44.0 pos \$4,060,842 (Spec) 16.5 pos
co ac	Corrections Population (Inmate) and workload increase. This budget reflects the Administration's commitment to insure that convicted criminals will be treated humanely yet incarcerated according to law. This increase will provide for staff and related costs to handle 1,355	\$26,700,000 (Gen) 805.5 pos
repartment of Corrections ti (1) P. (2) (3) (4) P. (5)	additional inmates. Facilities Requirement Plan. The 1981–82 Budget provides for continued implementation of the plan begun in 1980–81. The Budget Year proposes the following projects (rounded dollars). Partial Construction—Tehachapi (\$15,300,000) Preliminary plans and working drawings—new maximum security facility—San Diego (\$5,500,000) Preliminary plans—additional maximum security facilities—Folsom (\$4,900,000) Second increment financing for temporary housing for low security level inmates (\$2,-	\$27,700,000 (Gen) 0.0 pos
epartment of Youth Authority Pode	000,000) Population (ward) Changes. The Budget reflects an increase of \$1,303,000 to accommodate 133 additional wards and other workload charges associated with ward care and other workload charges associated with ward care and other workload.	\$2,269,000 (Gen) 42.4 pos
91	custody. County Jail Construction. This budget includes funds for the first increment of state	\$40,000,000 (Gen)
oard of Corrections C as	assistance to remodel and renovate county jails pursuant to Chapter 1351, Statutes of 1980. This reflects the Administration's commitment to assist county government in	0.0 pos
oard of Corrections C as	1980. This reflects the Administration's commitment to assist county government in apprading their jails. Total, Corrections	\$96,669,000 (Gen)
oard of Corrections C as 19 up	1980. This reflects the Administration's commitment to assist county government in apprading their jails. Total, Corrections Judicial Workload Adjustments. 6 new law clerks have been added included in this budget to	\$96,669,000 (Gen) 847.9 pos \$181,000 (Gen)
oard of Corrections as 19 up upreme Court ha ourts of Appeal U cl	1980. This reflects the Administration's commitment to assist county government in apprading their jails. Total, Corrections Judicial Workload Adjustments. 6 new law clerks have been added included in this budget to mandle increased workload associated with the State's highest court. Workload Adjustments. As a result of heavy judicial caseload, both new and backlogged, 131 new judicial positions are being added in 1981–82. Of this number, 15 are judges which are to be authorized in proposed legislation, 4 are librarians, the balance are law clerks and clerical for the existing courts of appeal and the 15 proposed new appellate	\$96,669,000 (Gen) 847.9 pos \$181,000 (Gen) 6.0 pos \$4,412,000 (Gen)
oard of Corrections as 19 up upreme Court ba ourts of Appeal II w cl adicial Council ha	1980. This reflects the Administration's commitment to assist county government in apprading their jails. Total, Corrections Judicial Workload Adjustments. 6 new law clerks have been added included in this budget to nandle increased workload associated with the State's highest court. Workload Adjustments. As a result of heavy judicial caseload, both new and backlogged, 131 new judicial positions are being added in 1981–82. Of this number, 15 are judges which are to be authorized in proposed legislation, 4 are librarians, the balance are law	0.0 pos \$96,669,000 (Gen) 847.9 pos \$181,000 (Gen) 6.0 pos \$4,412,000 (Gen) 131.0 pos \$509,000 (Gen) 1.0 pos

Office of Criminal Justice Plan- ning (OCP) Office of Criminal Justice Plan- ning (OCP) Office of Criminal Justice Plan- ning Office			
guidelines and review grant applications. Eight local agencies have received grants through CCZI, and an additional seven agencies have been funded directly by LEAA. The first evaluation report will be submitted by CCIP by the end of 1931. This budget provides \$2,00,000 off permanent funding of this program is on chance prosecution procedure applicable to persons with previous convictions multiple of the program from the life of the program through June 30, 1982. Legislation will be sponsored by OCIP to permanently establish this program. Office of Criminal Justice Planning Office of Criminal Justice Planning Department of Youth Authority Department of Youth Authority Department of Justice Department of Justice Department of Justice Office of Criminal Justice Planning Department of Justice Office of Criminal Justice Planning Office of Crim		Career Criminal Apprehension Program. Chapter 1167, Statutes of 1978, established the California Career Criminal Apprehension Program to provide special funding to local law enforcement agencies targeted for the apprehension of a relatively small number of repeat/violent "career criminals". Current funding has been provided through CCCJ with approximately \$1 million per	
prosecution procedure applicable to persons with previous convictions or multiple of feness. This program sunsets on December 31, 1918. Funds have been included to extend the life of the program through June 30, 1982. Legislation will be sponsored by OCP to permanently establish this program. Office of Criminal Justice Planning Department of Youth Authority Department of Youth Authority Department of Youth Authority Department of Justice Crime Prevention. Financing for this program is program is program is program in Justice Planning Department of Justice Crime Prevention Center. Although this budget provides for a continuation of the currently authorized level it is reflective of the Administration commitment to retain significant expenditure levels for rime prevention. The Crime Prevention Center conducts a public education effort to coordinate and promote a unified, innovative and effective crime prevention program thoughout California. It seeks to maximize cooperation between governmental agencies and an informed public to reduce all categories of an adjustice of the conducts and public education effort to coordinate and promote a unified, innovative and effective crime prevention program thoughout California. It seeks to maximize cooperation between governmental agencies and an informed public to reduce all categories of an adjustice planning and local law enforcement agencies. Total, Crime Prevention Office of Criminal Justice Planning Planning Office of Criminal Justice Planning Offi		guidelines and review grant applications. Eight local agencies have received grants through CCCJ, and an additional seven agencies have been funded directly by LEAA. The first evaluation report will be submitted by OCJP by the end of 1981.	
Office of Criminal Justice Planning program is proposed to be shifted from federal LEAA funds, which are no longer available for this purpose, to the General Fund. This Commission is to report to the Legislature by January 1, 1983. Office of Criminal Justice Planning Office of Criminal Justice Planning Department of Youth Authority Department of Youth Authority Department of Youth Authority Department of Justice Department of		prosecution procedure applicable to persons with previous convictions or multiple of- fenses. This program sunsets on December 31, 1981. Funds have been included to extend the life of the program through June 30, 1982. Legislation will be sponsored by OCJP	
Office of Criminal Justice Planning Total, Crime Prevention Office of Criminal Justice Planning Near Poper American Poper and Planning Reape Victim Counseling Center. This budget provides for the incurrent year, Chapter 917, Statutes of 1980 (8B 862), transferred the Rape Victim Counseling Centers Program from the Department of State States of 1980 (8B 866), transferred the Rape Victim Counseling Centers Program of the programination of the current year and 151,000,007 (Ferration of the transfer (5207,638 GF) and the appropriation of (1412,500 GF) provided by B 862 for a total of \$50,343 is local assistance funds from the Victim Austination Countination of the transfer (5207,638 GF) and the appropriation of 1,5 positions established in the current year and 151,000 GF for administration of the programination of the program of 1,5 positions established in the current year and 151,000 GF for administration of the program in cluding support continuation of the existing level of service provided in the current year. Chapter 917, Statutes of 1980 (8B 862), transferred the Rape Victim Counseling Centers Program from the Department of Social Services to Office Poptation of Sproyce Centers Program from the Department of Social Services to Office Poptation of Sproyce Centers Program from the Department of Social Services to the program including support code centers. The budget year reflects stablish		California Commission on Crime Control and Violence Prevention. Financing for this program is proposed to be shifted from federal LEAA funds, which are no longer available for this purpose, to the General Fund. This Commission is to report to the	
Department of Youth Authority Delinquency Prevention. Financing for this program is an extension of a Legislative augmentation in 1980-81. This is a grant program to local, privately organized citizes groups whose purpose is to divert youth from undesirable behavior patterns through departmental approved developmental and athletic activities. Crime Prevention Center. Although this budget provides for a continuation of the currently authorized level it is reflective of the Administration commitment to retain significant expenditure levels for crime prevention. The Crime Prevention content can deffective crime prevention Form promote a unified, innovative and effective crime prevention program houghout California. It seeks to maximize cooperation between governmental agencies and an informed public to reculal categories of serious crime, with particular emphasis on violent crime. The Center prepares, publishes and intervision material and technical materials and assistance, for use by schools, news media and local law enforcement agencies. Total, Crime Prevention Total, Crime Prevention Victim Assistance Victim Assistance Victim Assistance Victim Assistance Victim Assistance Victim Vitness Assistance Program. Enabling legislation has permanently established this program on a policy basis, however, funding from the Victim/Witness Indemnity Fund. Legislation to permanently establish funding will be sponsored by OCIP. This Local Assistance program provides for the financian which are no longer available for this purpose, will also be funded from the Victim/Witness Indemnity Fund. Legislation to permanently establish funding will be sponsored by OCIP. This Local Assistance program provides for the support of 30 Victim/Witness Assistance Centers throughout the State. These centers provide guidance and assistance to victims of crime as well as to crime witnesses. Office of Criminal Justice Planning Office of Criminal Justice Planning Fund Provides for the purpose of the budget year reflects continuation of		Crime Resistance Program. Because of a diminishing availability of LEAA funds, financing for this program is proposed to be shifted from 100% Federal LEAA funds to a 50/50 match with the General Fund. This program was created by Executive Order #B-30-77 (established later by Chapter 578, Statutes of 1978 to develop citizen involv-	\$65,249 (Fed)
currently authorized level it is reflective of the Administration commitment to retain significant expenditure levels for crime prevention. The Crime Prevention Center conducts a public education effort to coordinate and promote a unified, innovative and effective crime prevention program thoughout California. It seeks to maximize cooperation between governmental agencies and an informed public to reduce all categories of serious crime, with particular emphasis on violent crime. The Center prepares, publishes and distributes model crime prevention programs, books, pamphlets and radio and television material and technical materials and assistance, for use by schools, news media and local law enforcement agencies. Total, Crime Prevention	Department of Youth Authority	Delinquency Prevention. Financing for this program is an extension of a Legislative augmentation in 1980–81. This is a grant program to local, privately organized citizens groups whose purpose is to divert youth from undesirable behavior patterns through	
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Office of Criminal Justice Planning Victim Witness Assistance Program. Enabling legislation has permanently established this program on a policy basis; however, funding from the Victim/Witness Indemnity Fund expires on January 1, 1982. This budget provides for the financing through June 30, 1982. Support costs of \$184,023 formerly funded from federal LEAA grants which are no longer available for this purpose, will also be funded from the Victim/Witness Indemnity Fund. Legislation to permanently establish funding will be sponsored by OCIP. This Local Assistance program provides for the support of 30 Victim/Witness Assistance Centers throughout the State. These centers provide guidance and assistance to victims of crime as well as to crime witnesses. Office of Criminal Justice Planning Rape Victim Counseling Center. This budget reflects the continuation of the existing level of service provided in the current year. During the current year, Chapter 917, Statutes of 1980 (SB 862), transferred the Rape Victim Counseling Centers Program from the Department of Social Services to OCJP. The budget year reflects continuation of the transfer (\$207,638 GF) and the appropriation of (\$412,500 GF) provided by SB 862 for a total of \$620,138 in local assistance funds for operation of approved centers. The budget year also reflects continuation of 1.5 positions established in the current year and \$150,000 GF for administration of the program including support costs for the		Total, Crime Prevention	21.0 pos \$5,684,932 (Gen) 19.0 pos \$2,442,343 (Spec) 2.0 pos \$65,249 (Fed)
ning level of service provided in the current year. During the current year, Chapter 917, Statutes of 1980 (SB 862), transferred the Rape Victim Counseling Centers Program from the Department of Social Services to OCJP. The budget year reflects continuation of the transfer (\$207,638 GF) and the appropriation of (\$412,500 GF) provided by SB 862 for a total of \$620,138 in local assistance funds for operation of approved centers. The budget year also reflects continuation of 1.5 positions established in the current year and \$150,000 GF for administration of the program including support costs for the		Victim Witness Assistance Program. Enabling legislation has permanently established this program on a policy basis; however, funding from the Victim/Witness Indemnity Fund expires on January 1, 1982. This budget provides for the financing through June 30, 1982. Support costs of \$184,023 formerly funded from federal LEAA grants which are no longer available for this purpose, will also be funded from the Victim/Witness Indemnity Fund. Legislation to permanently establish funding will be sponsored by OCJP. This Local Assistance program provides for the support of 30 Victim/Witness Assistance Centers throughout the State. These centers provide guidance and assistance	
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Department of Justice

Witness Protection Program. General Fund support of \$125,000 is being proposed to finance the California Witness Protection Program in replacement of Federal Funds. This will continue a program which has proven to be a valuable aid to local district attorneys.

\$125,000 (Gen) 0.0 pos

Victim Assistance

The purpose of this program is to assist rape victims through counseling and related activities and to train investigators to perform more effective investigations of sex crimes.

Continuation of this General Fund program is consistent with the Administration's assessment of the high priority nature of the program.

Office of Criminal Justice Plan-

Bail Reform Procedures. This budget includes an additional \$100,000 to provide for the timely submission of the report on Bail Reform. The Legislature upon enacting the Bail Reform bill expected federal funds to be available to share in the cost of the study. Since LEAA funds are no longer available for this purpose the General Fund has been used to meet this need. The enabling legislation was sponsored in 1980 by the Administration. \$100,000 (Gen) 0.0 positions

Total, Victim Assistance

\$4,054,161 1.5 pos \$870,138 (Gen) 1.5 pos 3,184,023 (Spec) 0.0 pos

Training

Department of the Military

ning

California Specialized Training Institute (CSTI). This program for training law enforcement personnel in anti-riot and anti-terrorism has been funded from a variety of sources in the current year, including Peace Officers' Training Fund, LEAA funds and reimbursements from local government. The 1981-82 program provides for 100% General Fund support which reflects the Administration's initiative to assure continuation of a vitally needed aspect of law enforcement training.

\$1,092,000 (Gen) 28.0 positions

Office of Criminal Justice Plan-

Urban Emergency Training. The state currently provides disaster and related emergency training at CSTI. This budget includes state funding for post-formal CSTI training of local law enforcement personnel to develop plans for security in connection with urban disasters and civil disorders.

\$500,000 (Gen) 0.0 pos

Total, Training

\$1,592,000 (Gen) 28.0 pos \$121,353,147 TOTAL, ALL PROGRAMS 1,097.7 pos

General Fund 111,600,690 1,079.2 pos Special Fund 9,687,208

18.5 pos Federal Fund 65,249 0.0 pos

Economy

INVESTMENT IN ECONOMIC STRENGTH

California's present strong economy and government are derived to a significant degree from past state investments in agricultural technology, water development, and education.

The coming decade will pose many challenges as state government works to adjust to increased fiscal constraints. It is important, however, that in this period of sustained budget austerity we do not lose sight of the need to continue to invest in the future. Ultimately, a healthy state government and depends upon the long-term health of our economy.

This 1981-82 budget reflects an ongoing concern for investing to ensure economic strength, both through significant new initiatives and a larger number of ongoing commitments to investment in a strong economy. Priorities include a focus on (1) industrial innovation, and (2) pension fund investment.

Industrial Innovation Initiatives

During the coming decade a number of California's key economic growth sectors, particularly the electronics and tele-communications industries, face serious challenges from competition from other states and abroad. These industries have been perhaps the major source of job-growth in California during the past decade. Their continued growth represents a major source of ongoing revenue for state government. Most importantly, these industries will play a key role in modernizing much of the rest of California industry in the decade to come.

State policy can assist industrial innovation in three areas: (a) promoting research and development, and the training of technical personnel; (b) providing support for innovative businesses and products; and (c) involving top private and public sector representatives in developing state industrial innovation initiatives.

\$7.6 million is proposed to establish the Microelectronics Innovation and Computer Research Operation (MICRO) at Cory Hall, on the University of California campus at Berkeley. These funds will be used to finish building ex-

pansion, purchase capital equipment for microelectronic fabrication laboratories, and to establish a matching grants program. These grants will be offered on a 1-to-1 matching basis with industry for innovative research projects.

Legislation will be proposed to establish a Corporation for Innovation Development, and a Business Innovation Research Grant program to provide support for innovative businesses and products.

\$200,000 is proposed in the budget of the Department of Economic and Business Development for a California Commission on Industrial Innovation, to be composed of some of the state's top industrial, academic, labor and government leaders. The Commission will provide overall policy coordination of California's industrial innovation initiatives, as well as plan for new initiatives to keep California's industrial lead during the 1980s.

Pension Fund Investment Initiatives

\$400,000 is proposed to establish a Public Investment Unit in the Office of Planning and Research to explore methods for the prudent investment of public and private pension funds in projects designed to strengthen California's economy. This unit will bring together qualified representatives from the private sector in California with pension fund managers seeking opportunities for prudent California investments. The Unit will also staff the Public Investment Task-Force, which has been developing investment proposals since the summer of 1980, and develop a variety of loan guarantee proposals to secure pension investments in areas like housing and new plant and equipment.

Particular emphasis will be placed in developing legislative proposals to guarantee potential pension fund investments in qualified firms seeking to modernize plant and equipment.

MASS TRANSPORTATION

The enactment of Chapter 161, Statutes of 1979 (SB 620), provides increased funding for public transportation, and demonstrates the

Legislature's and the Administration's commitment to improving California's public transit system: services are becoming increasingly important in our changing transportation environment because they not only can provide mobility to the transit dependent, but can ease the impact gas shortages have on local and intercity mobility, reduce energy consumption over the long term, mitigate air pollution and aid in relieving congestion on our streets and highways, by providing an attractive and reasonable alternative to the automobile.

Significant program increases include:

Intercity Bus

The intercity bus industry in California serves a large segment of the population and plays an important role in the State's total transportation network. For better intercity transportation alternatives; financial problems threaten the future of this form of mass public transportation.

The \$3 million proposed in this budget year will provide the needed funds for operating and capital assistance for intercity bus travel through service improvement projects. Meeting the transportation needs of those with limited alternatives, particularly the young, the elderly and handicapped, those who do not drive and those living on limited incomes, will be richly enhanced through the continuation and expansion of California's Intercity Bus Transportation Assistance Program.

Commuter Rail Services

This program will provide

- Continuation and improvement of commute service between San Francisco and San Jose.
- Initiation of commute service between Oxnard and Los Angeles with two trains each direction on every week day.
- Improvement and increase in commute services which will result in an increase in

- passengers from 6,500,000 in 1980-81 to 7,000,000 in 1981-82.
- Passenger service, represented by trainmiles, will increase from 2,300 per day in 1980-81 to 2,600 in 1981-82.

Intercity Rail Services

This program will provide

- Expansion of San Diego-Los Angeles service from seven to eight trains with four of the trains supported by state funds.
- Continuation of the San Joaquin service providing two trains in each direction between Bakersfield and the San Francisco Bay Area.
- Initiation of overnight service between Los Angeles and Sacramento via the San Francisco Bay Area.
- Increased state support of passenger rail services which will result in increased ridership from 1,300,000 passengers in 1979 to 1,700,000 passengers in 1981.
- Improved rail service, represented by an increase in train-miles from 2,000 in 1979 to 3,400 in 1981.
- Surveys taken on board the trains indicate 60% of the riders would use automobiles if train service were not available so the increase in ridership from 1979 to 1981 will effectively remove approximately 200,000 automobiles from the highway.

Urban Transit Guideways

The State will provide a total of \$111 million, an increase of \$21 million for intra-city light rail projects. Potential users of these funds include rail:

- Alameda County
- Contra Costa County
- Los Angeles County
- Orange County
- Sacramento County
- San Diego County
- San Francisco County
- Santa Clara County

HOUSING

The Administration is placing continued emphasis on programs to help make affordable housing available to Californians. Numerous ongoing actions have been taken to relieve the obstacles encountered by renters and potential homeowners in their search for safe and decent shelter.

Over \$100 million, appropriated through AB 333, Chapter 1043, Statutes of 1979, will be allocated this year for several housing programs. The Department of Housing & Community Development will use the largest portion, \$82 million, to stimulate private sector construction of rental housing units. Funds also will be directed toward housing rehabilitation and for the first demonstration effort in the nation to aid low-income homebuyers through state co-investment on a "shared-equity" basis.

Numerous other Administration programs will continue in 1981-82 to assure greater access to housing, and to stimulate related community development efforts. Recently enacted legislation, sponsored by the Administration, requires local jurisdictions to identify their share of the regional housing need and to develop an action schedule for meeting housing goals. The Administration is also continuing to address the special housing needs of specific target populations through technical assistance for California Indians on rancherias and reservations to help in the rehabilitation of their dwellings, through similar assistance for the poor in remote rural communities, and through demonstration projects involving self-help construction for low and moderate income families.

Mobilehome registration and titling functions are being transferred to the Department of Housing & Community Development from the Department of Motor Vehicles. A principal result of this change is that mobilehomes are now defined as "dwellings" rather than "vehicles"; recent statutory changes will also facilitate secondary financing of these units and will increase their acceptability to local jurisdictions for planning and zoning purposes.

The Administration is also directing three

major programs which assure replacement housing for those whose homes are in the path of planned freeways. The largest of these is the Century Freeway Replacement Housing Project in Los Angeles. During 1981–82, new construction and rehabilitation will take place for the first 1,000 replacement units of 4,200 removed by the freeway.

During 1979/80, 17 projects sponsored by the California Housing Finance Agency were completed and were occupied in the Multi-Unit Loan program, more than doubling the number of projects under management. Another 27 projects went into construction during the same period. As of the end of the fiscal year, The California Housing Finance Agency (CHFA) had 54 developments representing over 5,000 units either occupied or under construction in this program.

The Home Ownership and Home Improvement (HOHI) Loan Program provides home ownership and housing rehabilitation opportunities for low and moderate income families. The program also seeks to achieve revitalization of neighborhoods. Local governments designate areas within their community that are in need of housing rehabilitation, development, and financing. They make financial and program commitments to those areas while CHFA provides financing through private lenders who originate and service individual loans.

Over a year ago, the CHFA initiated efforts to tie HOHI financing to specified "Special projects". Under this variation, lenders apply for a commitment for a project that meets the CHFA's highest priority requirements. Typically, these are new construction projects in "infill" areas that are supported by the locality. Many also have a commitment to provide Section 8 subsidy in units owned by an investor. During FY 1979/80, the CHFA approved 46 special projects representing 1,131 mortgage loans for new construction under this process.

As of the end of the FY 1979/80, the CHFA had sold eight bond issues (\$505 million) to finance this program which was used to purchase 10.486 loans.

In the future, the CHFA has a number of

broad goals for the Multi-Unit Loan Program. The first is to continue to make good loans for high quality housing developments that tie into federal subsidy programs. These loans are uninsured and involve the CHFA in an underwriting capacity.

The CHFA will also continue to expand financing options. In cooperation with the State Department of Housing and Community Development (HCD), the CHFA is implementing the Rental Housing Construction Program where the State provides subsidy tied to below-market rate financing. The goal of the program is to achieve additional construction of housing available to low and very low income families and also produce additional market rate moderate income rental units that will remain rentals.

The CHFA's long-term goal is to assist in the production and rehabilitation of approximately 3,000 units of multi-unit rental housing per year, distributed equitably throughout the State.

The Department of Veterans Affairs continues to provide loans for homes, mobile homes and farm purchases. The Administration in 1980 –81 has requested additional positions in order to process before August 1, 1981 approximately 9,200 Farm and Home Loan applications which were filed between December 7, 1979 and December 31, 1980.

In August 1980, \$150,000,000 of general obligation bonds were sold and in November 1980, an additional \$300,000,000 of revenue bonds were sold for a total of \$450,000,000. There is an outstanding total bond authorization of \$1,100,000,000.

Additional Program Presentations

TAX REDUCTIONS

From 1975–1976 through 1981–1982, nearly \$44 billion will have been reduced from State and local tax payments by a variety of measures.

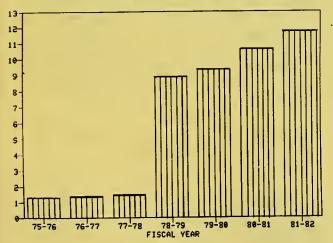
No other state can match this achievement. Even the anticipated Federal tax cut pales in comparison. State tax relief for Californians continues to grow.

TABLE 1 TAXPAYER BENEFITS 1975–76—1981–82 (In millions)

Local Property Tax Relief	
Proposition 13	\$28,000
Homeowner's exemption	3,610
Inventory exemption	2,650
Open space	110
Total Property Tax	\$34,370
State Relief	
Personal income tax	
Indexing	\$5,058
Other	1,055
Renter credit	1,760
Senior citizens	510
Business taxes	290
Inheritance & gift taxes	145
Energy credits	165
Other	550
Total State Relief	\$9,533
Total Taxpayer Benefits	\$43,903

The following chart shows the distribution of taxpayer benefits anticipated from 1975–76 through 1981–82;

TAXPAYER BENEFIT PROGRAMS (IN BILLIONS OF DOLLARS)



Local Programs

Proposition 13 accounts for over half of the total tax relief. Property tax collections by the

end of the next fiscal year will be \$28 billion less than without the passage of Proposition 13. The Homeowners' Property Tax Exemption and the Business Inventory Property Tax Exemption bring total property tax relief during this period to over \$34 billion.

The End of the Inventory Tax

The inventory tax was originally part of the general property tax structure. When household personal property was exempted from the rolls, business inventories stayed.

By the late 1960's the tax was strenuously opposed. It was cited as being a deterrent to business expansion in the State. It was alleged to be a nuisance tax, requiring a time-consuming period of stock accounting. It was self-assessed, so underpayment was possible. Being assessed on March 1 encouraged disruptive inventory liquidations to reduce the burden.

The first recognition of these problems came in 1968 with a 15 percent inventory tax exemption. This was increased gradually to 50 percent in 1974. In 1979 the tax was eliminated entirely.

Over the seven fiscal years from 1975–76 through 1981–82, California business will have received tax relief of \$2.65 billion from this one program alone.

Homeowners: Before Proposition 13

Since 1968 homeowners have been given a reduction in their assessed value to lower the impact of property taxes. Until 1974, the exemption was set at \$750. In 1974, the exemption was increased to \$1,750. More than \$3.6 billion in relief will have been provided since 1975–76. Furthermore, there are additional programs that provide special assistance to senior citizens in paying or deferring property taxes or rent.

At the State Level

Tax reductions at the State level have been adopted with three aims in mind:

- —To provide assistance for lower income persons:
- -To create equity; and
- —To eliminate the "inflation tax" due solely to people being forced into higher tax brackets with no gain in real income.

Indexing: Counteracting Inflation

Adjusting State income taxes for inflation has benefited State taxpayers more than any previous state tax reduction law. With no change in the current law, the annual tax benefit from indexing will exceed the annual tax reduction attributable to Proposition 13 by 1985.

Indexing of the income tax accounts for more than half of all State tax relief—an estimated \$5.1 billion by June 1982. The tax bracket impact has been most noticeable. In 1977, taxable income of \$14,000 on a joint return would have been at the 5 percent marginal tax rate. By 1981, the marginal rate on the same income will be down to 3 percent. The top 11 percent bracket used to begin at \$31,000 on a joint return. For 1981 that level will be increased to an estimated \$45,000.

Indexing is also applied to

- -the standard deduction
- —the personal credit
- -dependent credits
- —the blind credit
- —the low income credit

But the tax relief generated by indexing credits is significant. Prior to indexing, the personal exemption credit was \$25 for single and separate returns and \$50 for joint and heads of household returns. The dependent credit was \$8. For the 1981 income year, the personal credit will rise to approximately \$35 for single and separate returns, and to \$70 for joint and head of household returns. The dependent credit will be \$11. The standard deduction will have increased from \$1,000 for single and separate returns and \$2,000 for married persons and heads of household to \$1,420 and \$2,840.

Partial versus Full: The Provisions of Indexing

Indexing began in 1978. For that year, the adjustment factor for tax brackets was the percentage change in the California Consumer Price Index (CPI) between June 1977 and June 1978, *less* 3 percent.

In 1979, full indexing was extended to the standard deduction and the various credits. Therefore, 3 percent reduction did not apply to these areas, but was still subtracted in adjusting tax brackets.

The law was modified in 1979 to permit full indexing for the 1980 and 1981 income years.

The impact in 1980 was substantial. Between June 1979 and June 1980, The California CPI went up by 17.33 percent. (The excessive rise was in part an abberation in the index, attributable to the significant weight of mortgage costs in the CPI.) As a result, taxpayers whose incomes have not risen at this pace will pay less taxes than last year. Refunds this April will therefore be unusually large.

Current law continues indexing indefinitely, but with the 3 percent reduction reenacted for 1982 and future years.

The following table shows the indexing adjustment factors from 1978 through 1981.

TABLE 2
CALIFORNIA INDEXING ADJUSTMENT FACTORS
1978–1981

Income Year	Inflation Rate	Income Tax Brackets	Standard Deduction and Personal Tax Credits
1978	8.22%	5.22%	-
1979	9.88	6.88	9.88%
1980	17.33	17.33	17.33
1981 (est.)	10.00	10.00	10.00

Beneficiaries of Indexing

Almost 16 million Californians (taxpayers and their dependents) benefited from indexing last year. The remaining 6.7 million Californians did not have enough taxable income to pay any State income tax and, therefore, received no benefits from indexing.

The benefits of indexing can be measured by savings for an individual taxpayer or for all taxpayers. Obviously, those in the higher income tax brackets will have the greater dollar savings and the lower percentage savings. The following table shows the amount of savings that will be realized by persons filing joint returns for 1981.

TABLE 3

1981 ESTIMATED TAX SAVINGS FROM INDEXING
(Joint Returns)

		Percent
Adjusted Gross	Average	Tax
Income Class	Dollar Savings	Reduction
\$10,000-15,000	\$87	66.7%
15,001-20,000	135	47.6%
20,001-25,000	195	39.8%
25,001-30,000	276	36.6%
30,001-40,000	430	34.1%
40,001–50,000	667	31.8%
Over \$50,000	815	14.0%
Total	\$405	24.7%

Federal Government Windfall

Since State income taxes are deductible in computing the Federal income tax, whenever State income taxes are reduced Federal Government collections are raised. It is estimated that approximately one-third of State income tax savings will accrue to the Federal Government, or about \$850 million in 1981 alone.

Inheritance Tax Relief

Chapter 634, Statutes of 1980 (AB 2092) reformed the inheritance and gift tax law. Beginning with January 1, 1981, surviving spouses will no longer pay any inheritance or gift tax. The exemption level for other beneficiaries also has been raised significantly.

In 1981-82, an estimated 150,000 people will benefit from these provisions. Spouses are expected to receive approximately 65 percent of the \$124 million benefits.

1981-82 Tax Relief

Californians will receive \$4.3 billion in tax relief from the State in 1981-82 alone. This total does *not* include savings from Proposition 13, which would add some \$7 billion to the total. The largest factors include:

- Homeowners' exemption . . . benefits 4 million homeowners . . . \$335 million.
- Renter credit . . . benefits 4.4 million renters . . . \$425 million.
- Inventory relief . . . provided to 675,000 businesses . . . \$550 million.
- Senior citizens credit . . . for 500,000 Californians . . . \$78 million.
- Income tax indexing . . . benefits 16 million people . . . \$2.5 billion.
- Inheritance and gift tax exclusions and exemptions . . . benefits 150,000 people . . . \$124 million.
- Solar and other energy credits . . . \$70 million.

STATE BONDS

In the face of declining tax revenues, both state and local governments in California have recently turned to the tax exempt bond to raise money for public purposes. There are two indications of this trend:

1. Over the last three years, the total dollar volume of state and local tax exempt bonds

has substantially increased—from \$2.6 billion in 1977-78 to \$3.9 billion in 1979-80.

The increase is primarily due to housing bonds which have increased from \$414 million in 1977–78 to \$2.2 billion in 1979–80, a 528% increase. Although the State has issued more housing bonds in total than have local governments, local issues have increased markedly—from \$93 million in 1977–78 to \$1.2 billion in 1979–80—and now comprise more than half of all new issues.

Public borrowing for purposes other than housing actually declined during the three-year period from \$2.2 billion in 1977–78 to \$1.7 billion in 1979–80. Most of the decline was at the expense of local governments, and is probably largely due to Proposition 13.

This demonstrates that while California is experiencing an unprecedented proliferation of bond issues for traditionally private purposes like home mortgages, bonding for traditional public capital construction purposes like police stations, roads, and sewer systems has actually declined.

- 2. In the past two years, statutory changes have increased the bonding authority of the state and local agencies by at least \$4 billion. Legislation has:
 - created the California Health Facilities
 Act allowing \$767 million in revenue
 bonds.
 - created the California Student Loan Authority allowing \$150 million in revenue bonds.
 - created the California Industrial Development Financing Act allowing \$200 million in revenue bonds.
 - increased authority for veterans' revenue bonds by \$500 million.
 - increased authority for veterans' general obligation bonds by \$750 million.
 - created the California Alternative Energy Act allowing \$200 million in revenue bonds.
 - increased the California Housing Finance Agency's revenue bonding authority by \$750 million.
 - created the California Parklands Act allowing \$285 million in general obligation bonds.

- created the California Fair and Exposition bond program with no statutory bonding limit.
- created the Local Housing Finance Act allowing mortgage revenue bonds with no statutory limit.
- removed all statutory limits on pollution control bonds.

These new or increased bonding authorizations are in addition to all of California's prior bond programs. Most are largely unused so far, and promise to fuel the bond expansion of the next few years.

The burgeoning reliance on bonds in California has major implications for our present and future economic well-being. Some of the implications are:

- 1. Reduced tax revenues;
- 2. Higher interest rates for public borrowing;
- 3. Increased possibility that the state may ultimately be put in a position of having to assume responsibility for paying off defaulted bonds or pick up the cost of completing projects for which bonds cannot be sold.
- 4. Redirection of investment capital from private enterprise to new "public" purposes.

The Federal government has recently demonstrated its concern about the use of tax exempt revenue bonds by passing the Mortgage Subsidy Bond Act. This act places a ceiling on the amount of mortgage bonds which may be issued for owner-occupied residences, restricts the purposes for which such bonds may be issued, and eliminates the tax exempt status of such bonds as of December 31, 1983.

Given the serious economic implications and the recent Congressional action, it would be prudent to exercise restraint in authorizing the issuance of revenue bonds until we have carefully reviewed the public purpose to be met by the use of such bonds and more fully considered what short-term and long-range impact these bonds may have on our economic well-being.

PROPOSITION 4 (ARTICLE XIII B)

This amendment to the California Constitution was approved by California voters on November 6, 1979. Starting in 1980-81 a limit is imposed on the year-to-year growth in tax sup-

ported appropriations by the State and most units of local government. The Legislature enacted Chapter 1205, Statutes of 1980 (SB 1352) to provide for its implementation.

BASIC LIMITATION PROVISIONS

The appropriations limit in a given year is a function of the 1978–79 base year appropriations adjusted by changes in cost-of-living and population, but in no event can a cost-of-living increase exceed the change in California per capita personal income.

The Base

The amendment provides that the State appropriations base shall exclude ". . . subventions for the use and operation of local government." The implementing legislation provides that State funded programs which are administered locally will be subject to limitation at the State level because the Legislature determines the size and scope of these programs.

The subvention programs that are excluded from the State base are the following:

• Shared Revenues

Liquor License Fees Vehicle License Fees Cigarette Tax Highway Carriers' Uniform Business Tax

Financial Aid to Local Agencies

Tax Relief Subventions

Personal Property Tax Relief Homeowners' Property Tax Relief Open Space

Payments for Local Government for Sales and Property Tax Revenue Loss

Senior Citizens' Property Tax Deferral Program

These funds are provided to local government for general purposes and their use is not restricted by Statutes.

K - 12

State subventions for K-12 school districts are divided, with a portion subject to the State appropriations limit and a portion subject to school district limits.

The State has augmented the basic K-12 educational program through a series of "equalization" formulas designed to bring the schools into

substantial compliance with the Serrano court mandate. In view of the control which rests with the State over these and other categorical program expenditures, the implementing legislation provides that expenditures above the basic program level are the responsibility of the State and therefore a part of the State's appropriations limit.

Local school districts are responsible for making available to all children a basic level of education. This basic program level is subject to limit at each school district.

Community Colleges

State subventions for community colleges are treated similarly to subventions for school districts. The portion of State support dedicated to equalization will be placed, along with State-supported categorical programs, in the State base. The remainder of the community college subventions augment local revenues and are subject to limitation at each community college district.

Population

The amendment provides for an adjustment to reflect changes in population. For the State, "change in population" means the change in civilian population from January 1 of the prior year to January 1 of the calendar year in which the fiscal year starts. The amendment requires revisions to reflect the decennial census conducted by the U.S. Department of Commerce.

Cost of Living

The implementing legislation provides that State and local governments use the U.S. All Urban Consumer Price Index (CPI) to measure price. The annual growth is computed using March of the calendar year in which the fiscal year starts divided by March of the prior year. Thus, for 1981–82 the increase will be calculated from March 1980 to March 1981. Actual March 1981 data will be available late April 1981.

Per Capita Personal Income

The percent change in California per capita personal income must be used if it is less than the percent change in the U.S. CPI. Chapter 1205 provides that the change in per capita income be computed using the annual change in California personal income as published by the U.S. De-

partment of Commerce for the fourth quarter of a calendar year divided by the civilian population of the State on January 1 of the next calendar year. For 1981–82, the increase in per capita income will be calculated between the 1979 fourth quarter to the 1980 fourth quarter. Preliminary 1980 fourth quarter income data will also be available April 1981.

Mandates

Starting in 1980-81 State legislative mandates on local governments which require a new program or a higher level of service for an existing program must be reimbursed by the State and the appropriation will be subject to the State's limit. The following mandates are exempt from reimbursement by the State:

- 1. Legislative mandates which are requested by the local agency affected.
- 2. Legislation which defines a new crime or changes an existing definition of a crime.
- 3. Mandates enacted prior to July 1, 1980.

ARTICLE XIII B APPROPRIATION TOTALS (millions)

	1978–79	1980-81	1981–82	
	Appropria-	Appropria-	Appropria-	
	tions Base	tions	tions	
Total Appropriations	\$19,895.1	\$24,703.8	\$24,944.4	
Education in Local Base	-4,090.4	-5,565.8	-5,150.3	
Local Subventions	-2,118.1	-1,661.9	-1,603.1	
Federal Revenue Sharing	-276.2	-276.2	- 180.3	
Debt Service	— 186	-212	-231.3	
Oil and Gas Revenues	-85.4	-374.6	526.9	
Fees	-237.5	296.1	-311.1	
Penalties	-51.5	-61.1	-66.2	
Receipts from Health Care				
Deposit Fund	— 114.7	-227.6	-223.4	
Credits to General Fund for				
Overhead Charges	-37.7	-45.9	-63.8	
State School Building Lease Pur-				
chase Law	_	-61.5	-79.2	
Expenditures from Reserves	_	-345	-141	
Appropriations subject to	E12 (07 (#15 576 t	#14.0=4.0	
limitation	\$12,697.6	\$15,576.1	\$16,376.8	

The matter of how to adjust State appropriations subject to limitation for mandates of the courts or the Federal Government has yet to be addressed. In the near future the Department of Finance will be identifying some areas of possible court and Federal mandates.

Licenses and User Charges or Fees

Chapter 1205 requires a separate accounting of revenues from regulatory licenses, user charges and fees which are required to provide a service. The Administration continues to have concerns with the technical aspects of this portion of Article XIII B, which will require costly administrative and accounting procedures.

Exclusions

The amendment excludes the following appropriations:

- 1. Debt service—Debt service is defined as any appropriation required to fund existing or legally authorized debt as of January 1, 1979 and bonded debt approved thereafter by a vote of the people.
- Appropriations required to comply with mandates of the courts or the Federal Government.
- 3. Special districts in existence on January 1, 1978 which did not, as of the 1977-78 fiscal year, levy a property tax in excess of 12½ cents per \$100 of assessed value.
- 4. Special districts currently existing or created in the future by a vote of the people which are totally funded by other than proceeds of taxes.

Revenue Exclusions

The limit applies only to appropriations that are proceeds of taxes. The following State receipts are considered nontax proceeds.

- Federal funds including Federal Revenue Sharing
- · Oil and gas revenue
- Unclaimed property proceeds
- Regulatory licenses
- User charges and fees
- Certain interest income
- Sale of State property
- · Miscellaneous items

Appropriations made from these specific sources are not subject to limitation.

Administration

The implementing legislation requires the Governor's Budget to include an estimate of the State's appropriations limit for the budget year. This estimate will be subject to the budget review process and is to be established in the Budget Bill. Since the Governor's Budget is released in January before the CPI and per capita income data are available, the Budget is based upon estimates of these factors. Updated data and recalculation of the 1981–82 appropriation limit will be provided to the Legislature as part

of the Department of Finance's May Revision.

Within the next several months data bases maintained by the Department of Finance will be modified in order to track appropriations subject to the State's appropriations limit. This information will be available to the Legislative and Executive branches via the California Fiscal Information System (CFIS).

Included in the 1981 Budget Bill is a requirement that any action or proceeding to protest, review, set aside, void or annul the State's appropriation limit must be commenced within 45 days of the effective date of the Budget Act.

The amendment and implementing legislation are not clear on how revisions of the basic data will be incorporated. Neither do they specify at what point in time the basic factors are final.

Data revisions (preliminary and "actual") do occur, are frequently significant and are usually upward. The U.S. Department of Commerce periodically revises its personal income data. Major revisions are made every five years and data are often revised back many years. Revisions to reflect the decennial census conducted by the U.S. Department of Commerce may also be significant.

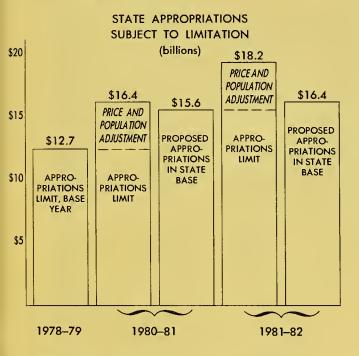
An official appropriations limit for 1981–82, required by AB 1352, will be set with adoption of this Budget. The 1980 Census required major changes in the factors used to set the limit. The latest population series—still preliminary for the January 1 point-in-time used in the calculations—and revised income data from the U.S. Department of Commerce also alter the per capita income series. The 1980–81 limit has therefore been modified from that initially estimated last May.

Consideration should be given to establishing a formal procedure for adjusting appropriations limits to account for data revisions. Local jurisdictions, in particular, may otherwise be adversely affected.

For program and administration purposes, there is a definite need for the appropriations limit to be fixed, and not changed throughout the year as better data become available. This should generally be done prior to the start of a fiscal year. In the present situation, however, it appears more reasonable to incorporate the latest data. Accordingly, it is proposed that the State's appropriations limit for 1980–81 be \$16,386 million, and that the 1981–82 limit be tenta-

tively set at \$18,167 million at this time.

The following chart and supporting table illustrate the Department of Finance's estimate of the State's 1980–81 and 1981–82 appropriations limit and the appropriations subject to limitation. The State's 1980–81 appropriations subject to limitation are an estimated \$810 below the limit; the 1981–82 appropriations are an estimated \$1,799 below the limit.



Local Government

Generally comparable treatment for both State and local government is provided. However, the implementing act is more specific for establishing local limits. It requires the adoption of the limit at a public meeting and provides that the data used in computing the limit be made available to the public at least 15 days prior to its adoption. It allows the public 45 days to protest or start legal action to set aside the action taken by the governing body in setting the limit.

The implementing legislation requires the Department of Finance to provide January 1 population estimates to cities, counties and special districts by May 1 of each year. Special districts are required to use the percent change of the city or county in which the district is located unless they obtain a special estimate of their population change from the Department of Finance. For

schools and community college districts, population is determined using average daily attendance.

There are three to five thousand special districts, and an unknown, but a potentially large number of them will want special population estimates. The Population Research Unit of the Department of Finance does not have the staff nor the data to be able to handle more than the 10 to 15 such estimates that they have normally completed. It is proposed that any special estimates be obtained from the respective county or city.

Chapter 1205 also requires the Department of Finance to notify school districts and community college districts of their average daily attendance for the current and prior fiscal year data which these jurisdictions generate. It is proposed that this requirement be eliminated.

The Department of Finance, in cooperation with the State Controller's Office, the Department of Education and the Community College Chancellor's Office, will be notifying local jurisdictions of price and population changes by May 1, 1981.

MEDI-CAL COST SAVINGS

The Administration remains strongly committed to the mission of the Medi-Cal Program—to make available to the State's low income population medically necessary, quality health services at a reasonable cost to the government. The current budget emphasis is on cost containment and reduction and proposes a significant position increase to enable the Department of Health Services to achieve savings and increase recoveries in the Medi-Cal Program without adversely affecting services.

At an increased administrative cost of \$3.5 million, it is estimated that 1981–82 program savings of \$15.9 million and increased recoveries of \$6.1 million can be achieved for a total decrease of \$22 million. After complete implementation of the proposals, it is estimated that annual savings of \$50.5 million and annual increased recoveries of \$8.6 million will be realized for a total annual decrease of \$59.1 million. The following table summarizes the proposals:

Budget Proposals:	Positions	1981–82 Costs	1981-82 Total Savings (\$ in Thousands)	Full Implementation: Total Annual Savings (\$ in Thousands)
Savings Proposals:				,
Preventive Health				
Nosocomial Infection Control	3	\$105	\$3,169	\$8,340
Eligibility				
Welfare Department PHP Marketing	3	1,058	3,119	3,527
Wenate Department 111 Marketing	3	1,030	3,119	3,327
Utilization Control				
Inpatient Ancillary Review	9	367	1,971	2,700
Emergency Admission Review		444	1,177	2,354
Hospital Inpatient On-Site Review	13.2	411	2,685	5,256
Medicare "Buy-In"				
Medicare Buy-In Improvements	6	106	2,667	10,482
Medicare Buy-In, Documented Persons and Others		152	397	3,354
Medicale Bay III, Documented 1 010010 and 0 11010 11111111111111111111111111111	-	132	371	3,334
Program Innovation				
Prudent Purchase of Drugs	3.5	103	389	2,496
A Pro AT colorations				
Audits and Investigations Beneficiary Utilization	7	158	344	6,725
Quality Control		48	217	5,250
Subtotals		\$2,952	\$15,918	
Subtotals	02.7	\$2,932	\$15,918	\$50,484
Recovery Proposals:				
Health Insurance Recovery	8.5	\$150	\$3,967	5,289
Casualty Insurance Recovery	17	357	2,100	3,285
Subtotals	25.5	\$507	\$6,067	\$8,574
TOTALS	88.2	\$3,459	\$21,985	\$59,058
				,

—Preventive Health. Under this proposal, the Department will provide assistance to hospitals to improve nosocomial (hospital acquired) infection control programs. It is anticipated that this will reduce the hospital acquired infection rate from 5 percent to 4 percent of admissions and result in more expedient hospital release and annual Medi-Cal Program savings of \$8.3 million.

—Eligibility. This proposal will expedite completion of a project, initiated in the current year, under which counties, rather than prepaid health plans (PHPs), market and enroll Medi-Cal eligibles into PHPs. The anticipated enrollment increase will result in annual Medi-Cal Program savings of \$3.5 million as a result of the shift of eligibles from the more expensive fee-for-service delivery systems.

—Utilization Control. In this area, the Department will initiate the on-site review of hospital ancillary services on a 15 hospital pilot basis; review emergency hospital admissions after 24 hours, rather than 72 hours as is currently done; and, increase its on-site review of hospital extension stays.

These three proposals are anticipated to save \$10.3 million annually through the reduction of medically unnecessary services.

—Medicare "Buy-In." The State pays certain Medicare premiums for Medi-Cal eligibles. In this area, the State will disenroll those not eligible, thus saving premium costs, and enroll qualified individuals who have not routinely enrolled, thus appropriately shifting costs from the Medi-Cal Program to Medicare. Full-year savings of \$13.9 million are estimated.

—Program Innovation. The Budget proposes a pilot project for the prudent purchase of a limited number of multisource drugs. Under this proposal, the State will enter into rebate contracts with drug manufacturers for the 10 highest dollar volume drugs used in the Program; the existing wholesaling and retailing systems would not be changed. By using its large purchasing power, it is estimated that the State will realize full-year savings of \$2.5 million through this pilot project effort.

—Audits and Investigations. Beneficiary Utilization Review is a review of the service

profiles of eligibles suspected of overusing or abusing Medi-Cal benefits. The Budget proposes increased positions for drug review and the initiation of physician office visit reviews. A five county pilot project effort to determine county-specific eligibility determination errors is also proposed. Full-year savings anticipated from these efforts are \$12.0 million.

—Recoveries. Increased recovery efforts will occur in several areas: additional and follow-up billing of health insurance and automobile insurance carriers who provide coverage for Medi-Cal eligibles whose services were initially paid for by Medi-Cal; retroactive billing of Medicare for services provided to Medi-Cal eligibles who are also Medicare eligible; and elimination of a backlog of recovery cases transferred to the State from Medi-Cal Intermediary Operations (MIO) when the State assumed recovery functions from MIO in 1979. Full-year recoveries anticipated from these efforts are \$8.6 million.

Additional detail regarding these proposals is presented in the Department of Health Services budget display.

TIDELANDS REVENUES

To strengthen the economy and quality of life in California it will be necessary to invest in our most valuable forms of capital; human, technological and environmental. This investment has been facilitated by legislation passed in 1980 (Chapter 899, Statutes of 1980) which provides for allocation of revenues from state owned oil and gas reserves.

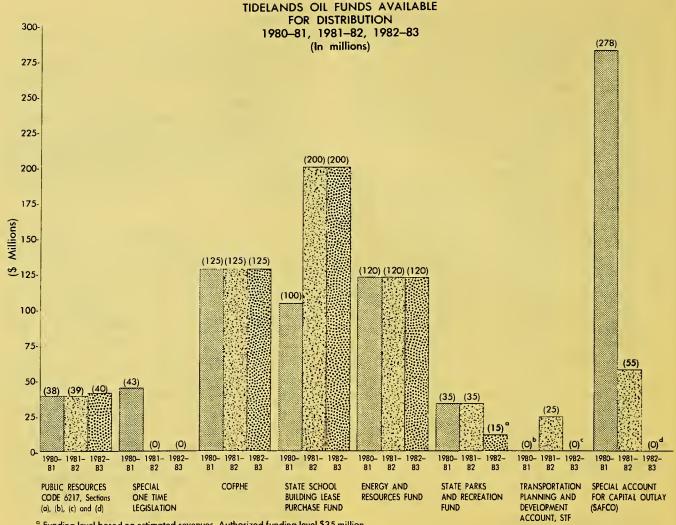
The legislation provides for the investment of revenues from todays diminishing resources in educating our human resources, developing our technological future and protecting tomorrows environment.

Income

Based upon current projections of the State Lands Commission revenues for 1981–82 and 1982–83 will be \$500 million for each fiscal year. During 1980–81 revenues are estimated to be \$450 million. The current Tidelands revenue estimates do not include an estimated \$50 million for each year which has been withheld because of the Federal Windfall Profits Tax which is subject to potential reimbursement to the State.

Federal legislation and/or court action will be taken in January 1981 to try to rectify this problem. If either action is successful, adjustments will be proposed to first increase the funding areas which have been reduced to finance the proposed capital outlay program in 1981–82 and then to fund additional high priority capital outlay needs.

The following Chart summarizes the allocation plan contained in the legislation.



^a Funding level bosed on estimated revenues. Authorized funding level \$35 million.

b No funding outhorized in 1980–81.

Funding level bosed on estimoted revenues. Authorized funding level \$25 million.

d Chapter 904/80 Appropriates \$42 million from SAFCO. Based on current estimated revenues no funds will be ovoilable in SAFCO to fund this appropriation.

The chart reflects both the specified amounts and order of distribution.

It was anticipated at the time the legislation was enacted that sufficient funds would be available to leave a residual balance in the last account titled Special Account for Capital Outlay (SAFCO). This account was to be used for general state capital outlay needs and some specified local needs such as county hospitals and local jails.

Expenditure

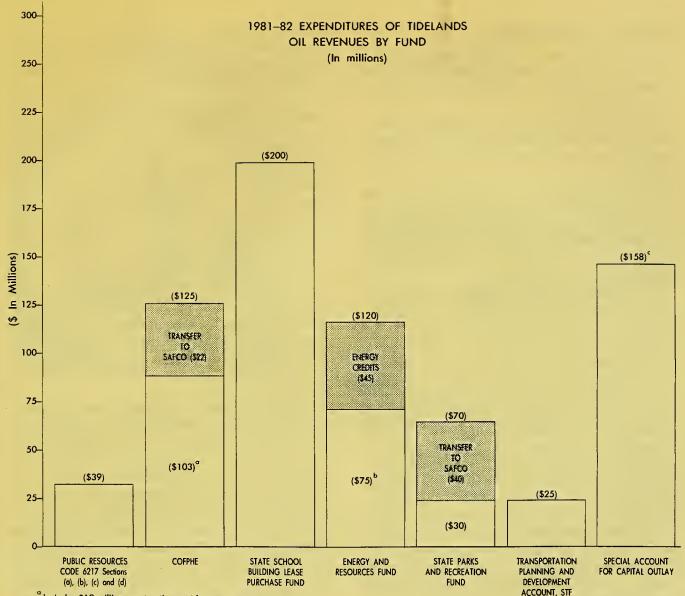
The amount available in 1981-82 from SAF-CO is not enough to meet the minimum general capital outlay needs of the state. In order to finance a minimum Capital Outlay Program, it is proposed that funds which are surplus to their 1981-82 program needs be transferred to SAF-

CO to finance the highest priority capital outlay needs.

The changes proposed are as follows:

- 1. Transfer to SAFCO from the State Parks and Recreation Fund \$40 million. With the passage of Proposition 1, sufficient bond funds would be available to offset this onetime transfer.
- 2. Transfer to SAFCO from the Capital Outlay Fund for Public Higher Education \$22 million. This will be a one-time transfer of a portion of available balances which if unexpended in the budget year would flow into SAFCO the following year.

The expenditure programs which are financed by Tidelands Revenues are more fully discussed in the respective budget areas. However, the following chart summarizes these expenditures for 1981-82 fiscal year fund.



Includes \$12 million construction cost increose reserve.

The chart reflects the proposed expenditures and transfers to SAFCO from the Capital Outlay Fund for Public Higher Education and the State Parks and Recreation Fund as well as an expenditure of \$42 million from the Energy and Resources Fund in accordance with Chapter 904, Statutes of 1980, to finance energy conser-

vation tax credits.

Unless tidelands revenues increase in the future or the funds withheld by the Federal government are released to the State we can expect continuing problems financing general state capital outlay needs in the future.

Includes \$2 million construction cost increase reserve.

c Includes \$10 million construction cost increase reserve.

SERVICES TO THE ELDERLY

In 1979 there were 2.1 million people in California aged 65 and over, or 10 percent of the population. Over the next 50 years the percentage will double.

California provides a wide range of specific programs and services to the elderly within various departments in the Health and Welfare Agency.

The Department of Aging administers approximately \$74 million in Federal funds for specific grant programs under the Older Americans Act of 1965, as amended. These funds provide meals and services for the elderly at selected sites throughout the State.

The Older Americans Act, as amended in 1978, requires an additional 5% match for Federal Funds. In the 1981–82 Fiscal Year, an appropriation of \$3.2 million from the General Fund is proposed to meet this requirement.

In 1979, a \$5 million Senior Nutrition Reserve Fund (SNR) was established. Chapters 1020, 1292, and 1345, Statutes of 1980, modified the purpose of the SNR fund. Chapter 1020 created a \$1 million State Revolving Loan Account, to make available no-interest loans for senior nutrition programs under specified conditions. An additional \$1 million from the SNR will be used for innovative nutrition demonstration projects.

The Department also administers \$535,000 in State funds for the Senior Companion and Foster Grandparent Programs. These programs encourage private and public community agencies to utilize citizens' skills.

In addition, the State provides numerous other services to the elderly which are adminis-

tered by various State agencies.

The Health and Welfare Agency administers the Multipurpose Senior Services Program which was established under the authority of Chapter 1199/Statutes of 1977. This is a pilot program to develop and test effective methods for coordinating and supplementing the various categorically funded social and health services available to the elderly. The project brings together funding from various resources with a total budget of \$42.3 million over the five year life of the project. The 1981–82 budget includes \$17.6 million for 8 centers which will be fully operational in early 1981.

The Department of Health Services administers the Adult Day Health Care program and has recently established the Office of Long Term Care and Aging in the Community Health Services Division. An expenditure increase to \$10.9 million, or \$5.6 million in General Funds, will increase the number of sites from 50 to 65 throughout the State.

Among the major programs in the Department of Social Services providing services to the elderly are the Supplemental Security Income/State Supplementary Program (SSI/SSP) program and the In-Home Supportive Services (IHSS) program. It is estimated that the SSI/SSP program will provide grants to approximately 716,000 aged, blind, and disabled individuals at a General Fund cost of \$1.05 billion. The IHSS program is anticipated to provide homemaker and chore services to a monthly average of 99,000 disabled and elderly individuals at a total cost of \$271.2 million.

Traditional Presentations



Legislative, Judicial, and Executive

The programs within this area include the Legislature, the Court System and most Constitutional Officers.

JUDICIAL

Article VI of the Constitution creates the Supreme Court and creates the Courts of Appeal to exercise the judicial power of the State at the appellate level. In addition the Article establishes the Judicial Council to administer the State's judicial system.

Proposed Budget

The proposed budget provides funds for 15 new appellate court judges and 45 related support staff. This addition will be implemented by proposed legislation sponsored by the Judicial Council. The budget proposes six new one-year limited term law clerk positions to provide one additional attorney for each of the associate justices of the Supreme Court.

Sixty-three law clerks are proposed for the appellate courts to deal with the increasing workload of the courts. This alternative is less expensive than adding senior attorney staff members and will provide an opportunity to expose a number of attorneys to the workings of the court system. In addition four law librarians are added in 1981–82 to provide a librarian in

each of the District Courts of Appeal without this professional resource.

SALARIES OF SUPERIOR COURT JUDGES

The purpose of this budget is to provide for the State's share of the salaries for 628 superior court judges and the State's share of health and death benefits for those superior court judges enrolled in a State Health Plan.

Proposed Budget

Legislation was enacted during the 1980 Legislative Session which authorized the establishment of 21 new superior court judgeship positions effective January 5, 1981 for a total of 628 authorized superior court judges. Included in the 1981–82 budget is \$995,715 for the State's share of the salaries for these additional judgeships at salary rates effective July 1, 1980.

In addition, the budget provides \$1,740,188 to fund the estimated impact of Chapter 835, Statutes of 1980 which revised salary rates on the basis of the weighted average of salaries paid on December 31, 1980.

OFFICE OF EMERGENCY SERVICES

The principal objective of the Office of Emergency Services (OES) is the coordination of

emergency activities to save lives and reduce property losses during disasters and to expedite recovery from their effects.

Proposed Budget

Chapter 994, Statutes of 1980, appropriated \$20,000,000 from the General Fund in augmentation of the Public Facilities Account. These additional funds, which are administered by OES, were necessary a) to provide immediate assistance to eligible local governments to repair damage caused by recent storm and flood conditions and b) to provide a prudent surplus in the account to deal with future emergencies.

The 1981-82 budget of the Office of Emergency Services contains \$4,563,000 for a new program of Earthquake Preparedness and Response. The program contains the following elements:

lask Force Administration	\$235,000
Comprehensive Emergency	
Management Office	\$300,000
Emergency Public Information	
Center (EPIC)	\$780,000
Emergency Management Informa-	
tion System (EMIS)	\$1,000,000
Volunteer and Neighborhood	
Training	\$2,000,000
Command and Communications	\$248,000
Total	.\$4,563,000

The objective of this program is to assess the State's resources to respond to emergency conditions and implement short-term projects which will enable the State to attain a high state of readiness to respond to a catastrophic earthquake in any major metropolitan area.

DEPARTMENT OF JUSTICE

The Department of Justice, through the constitutional office of the Attorney General, is responsible for ensuring uniform interpretation and enforcement of laws and for representing the State in civil and criminal proceedings.

Proposed Budget

The Department of Justice proposes to carry out the following new programs or increases in existing programs during the 1981–82 budget year, in addition to those described in the special report on law enforcement:

1. The addition of 16 positions is proposed in

the Criminal Law Division to respond to the increasing number of appeals as a result of mandatory appeals and the increasing tendency to appeal cases.

- 2. A permanent staff of two attorneys and related clerical support have been added to the Civil Law Division to handle cases involving water rights in the Sacramento and San Joaquin Delta. This litigation, funded by the Department of Water Resources, is expected to be active for several years.
- 3. The Civil Law Division will receive 13 new positions to meet the increasing needs of the Health and Welfare Agency and various educational agencies. In most cases these positions are needed to handle the additional trial work resulting from increased enforcement activities by the client agencies in health facilities licensing, hazardous wastes and Medi-Cal programs. This program is part of a major effort to increase the use of paralegal personnel.
- 4. The budget year will mark the conclusion of two major data processing conversion efforts. First, there will be the completion of the major EDP conversion and the reduction of the temporary staff needed in that effort. Second will be the relocation to the recently completed new Department of Justice building of the newly consolidated California Law Enforcement Telecommunication Systems (CLETS) and the Data Communication System of the Department of Motor Vehicles.
- 5. In the Division of Law Enforcement General Fund, support of \$125,000 is being proposed to finance the California Witness Protection Program in replacement of Federal Funds.

CONTROLLER

The State Controller provides fiscal control over receipt and disbursement of State funds and administers the Inheritance and Gift Tax program, the Unclaimed Property program, and various programs relating to local fiscal affairs.

Proposed Budget

Funds are provided in the 1981–82 State Controller budget to continue the timely processing of OASDI tax sick leave refunds, continued development of the reporting element (Phase II)

of the new payroll system, and assumption by the State Controller of the eligibility determination element of the Senior Citizens Property Tax Postponement program. Resources are also provided to continue conducting additional audits of Clean Water Construction Grants, CETA prime sponsors, and Federal Disaster Assistance to counties and for additional workload associated with the Inheritance and Gift Tax program. Funding is also provided for the initial planning phase of a lease/purchase proposal to consolidate the State Controller's operations in one building.

BOARD OF EQUALIZATION

The Board of Equalization administers State

and local business and property taxes and excise taxes. These include sales taxes, fuel taxes, liquor taxes, cigarette taxes, insurance tax, energy and telephone surcharges, timber yield tax, private car tax, public utility valuation, and guidance of local property taxation.

Proposed Budget

The new Motor Vehicle Fuel Conservation Program with 9.6 positions and \$240,286 is proposed during 1981–82 to meet the mandates of Chapter 1326, Statutes of 1980. An additional 71.5 positions and \$1,361,214 are proposed in the Sales and Use Tax Program to meet workload increases.





State and Consumer Services

The State and Consumer Services Agency is the "conglomerate" agency of State government. The functions of the various departments within the Agency range from the providing of business services (General Services) and personnel management (Personnel Board), to the operation of a museum (Museum of Science and Industry). Other departments which operate under the Agency umbrella are as follows: Consumer Affairs, Veterans Affairs, Fire Marshal, Franchise Tax Board, Public Employees Retirement System, State Teachers Retirement System, the Public Broadcasting Commission, and the Department of Fair Employment and Housing.

DEPARTMENT OF FAIR EMPLOYMENT AND HOUSING

The Department of Fair Employment and Housing is the agency which administers California civil rights laws. These laws prohibit discrimination in employment, housing, services, public accommodations, and situations involving violence or threat of violence. The Fair Employment and Housing Commission is the official policy making body for equal opportunity efforts in the state. The seven members of the Commission, appointed by the Governor, set standards and issue regulations for the enforcement of civil rights statutes. They also hold hearings on accusations filed by the Department.

Proposed Budget:

The Department's Budget includes 44 posi-

tions for 1981–82 to provide the necessary staff to process an increased workload and maintain standards.

DEPARTMENT OF GENERAL SERVICES

The Department of General Services is responsible for providing supportive services to other operating departments and for increasing effectiveness and economy in the administration of State government by establishing and improving statewide standards and guidelines and by implementing constructive changes in governmental policies and procedures.

Proposed Budget:

The Department's budget includes 43 positions to provide necessary maintenance and custodial services to new State buildings and the restored West Wing of the State Capitol which are scheduled for completion in Fiscal Years 1980–81 and 1981–82. The budget also reflects an increase of 29 positions in the California State Police Division to provide: dispatch and surveillance center support services; contractual police and security services to various agencies and security services to the new Long Beach Building.

Chapter 1354, Statutes of 1980, has necessitated the administrative establishment of 12 positions in the current year with two positions continuing into Fiscal Year 1981–82 to administer the Portable Classroom Program. In addition, Chapters 288 and 899, Statutes of 1980 required the administrative establishment of 19

positions in the current year with an additional 19 positions being proposed in the budget year to implement the State School Lease Purchase Program.

The Budget also proposes 9.5 additional positions to implement and maintain a State Paper Recycle/Disposal Center. Two additional positions are proposed to identify low and no-cost energy conserving building maintenance and operation improvements. An additional \$95,000 in contract funds has also been added to fund a geothermal siting analysis and provide technical assessments of small cogeneration application. These programs are designed to provide statewide leadership in the implementation of resources and energy conservation programs and policies.

VETERANS AFFAIRS

The Department of Veterans Affairs provides assistance to veterans and their dependents in obtaining rights and benefits to which they may be entitled and provides veterans with low interest farm and home loans. The Veterans Home provides five levels of service: domiciliary, residential, intermediate, skilled nursing, and acute.

Proposed Budget:

In order to maintain the appropriate levels of

health care at the Veterans Home and meet the licensure, certification, and U.S. Veterans Administration requirements, 25.8 positions are proposed in the 1981–82 fiscal year for direct care of the residents.

An additional 41.5 limited term positions were added in 1980–81 to process the increased number of Cal-Vet loan applications accumulated since December 7, 1979 and filed prior to December 31, 1980, with 21.9 positions added for 1981–82. Seventeen of these positions will continue through the 1982–83 fiscal year to service the increased number of loans.

MUSEUM OF SCIENCE AND INDUSTRY

The purpose of the museum is to reflect through exhibits the people's scientific and industrial capabilities and accomplishments.

Proposed Budget

The budget provides funds for preliminary plans and working drawings for a new Aerospace Science building, a new Afro-American History and Culture building and other major and minor capital outlay projects relating to existing buildings and the new Hall of Economics and Finance. The Museum's budget includes 10 new positions for operation of the new Aerospace and Afro-American programs.



Business, Transportation and Housing Agency

Every California resident and visitor benefits directly from the State's interest in (1) promoting a sound financial and business community while protecting the public from economic loss and illegal or unethical business practices, (2) providing efficient, rapid, and safe movement of people and goods and (3) ensuring the development of affordable housing and coordinated residential development policies. These three broad areas are the principal concerns of the Business, Transportation and Housing Agency.

SECRETARY FOR BUSINESS, TRANSPORTATION AND HOUSING AGENCY

The Office of the Secretary for Business, Transportation and Housing acts as a focal point for the interrelationship of the private sector, government regulatory agencies and the public interest on matters relating to economic development, housing, financial institutions and transportation.

Proposed Budget

The Office of the Secretary will continue to coordinate the multi-disciplinary implementation of the Century Freeway Project. Also, the Secretary will coordinate the State's effort on the State Highway 65 bypass with State and local agencies. This project represents a policy emphasis which integrates transportation, housing and air quality with industrial development.

In addition, Chapter 1153, Statutes of 1980,

established a Deputy Secretary for Housing and re-named the Agency. This will better enable the Agency to emphasize the housing concerns and issues of the State.

DEPARTMENT OF ECONOMIC AND BUSINESS DEVELOPMENT

The Legislature created the Department of Economic and Business Development in 1977. The Department's objective is to ensure the long-term, orderly business and economic development in the State.

The Department's six offices have specific mandates to assist California's business community with a wide range of services including: encouraging and assisting new plant locations and expansion; promoting international trade and investment; cutting regulatory red tape; acting as an advocate for small business; helping local agencies with economic development; and providing research on a broad range of state economic issues. The Department assumes a lead role in coordinating specific projects aimed at expanding the economic base of California.

Proposed Budget

To promote a better understanding of business development and job creation, the Department will continue to work closely with regional and local governments to help them set up redtape-cutting and business assistance programs.

As international trade becomes increasingly important to the health of the State's economy,

the Department will focus on national and international trade policy issues as well as on the promotion of California products abroad.

DEPARTMENT OF REAL ESTATE

The Department of Real Estate's primary objective is the protection of the public in offering of subdivided property, real property securities, and in real estate transactions handled through agents. Thus, the Department takes disciplinary, civil and criminal action against its licensees and others who have violated real estate law and the Subdivided Lands Act.

In addition, the Department has ongoing programs to educate the real estate consumer and to encourage the professional orientation of those in the real estate business. The Department also administers the Real Estate Recovery Fund, through which a victim of fraud by a licensee could fully satisfy a court judgment.

Proposed Budget

The Department is entirely funded through real estate license, examination, and subdivision development fees. In addition to normal ongoing Departmental operations, the proposed budget seeks funding to accomplish the following objectives:

- 1. Continuation of the Subdivision Temporary Help Blanket to allow the DRE to eliminate subdivision approval backlogs, complete streamlining of the subdivision approval process, and ensure prompt processing of new subdivision filings.
- 2. Funding for personnel to process and investigate time share offerings. Reliable industry sources estimate that time share sales will exceed \$2.5 billion nationwide by 1982. California consumers are prime sales targets. The Department will provide proper public protection against abuses in the creation and marketing of these real estate interests.
- 3. The recently-implemented continuing education program requires every real estate licensee to complete 45 hours of approved course work prior to license renewal. The Department is seeking additional staffing to deal with increased course approvals and course auditing workloads to protect the integrity of this important program.

DEPARTMENT OF TRANSPORTATION

The Department of Transportation's primary objective is a commitment to a balanced transportation system that considers all modes and is consistent with social, economic, and environmental objectives. The 1981–82 Budget is reflective of the objective.

Proposed Budget

The Mass Transportation Program has been augmented by 20 personnel years in 1981-82 to accelerate the planning, development and implementation of commuter rail, intercity rail and the construction of intermodal passenger transfer facilities. A total of \$150,000,000 is proposed for statewide mass transportation needs as set forth in the policies established by Chapter 161, Statutes of 1979. These funds will, in part, provide for: 1) increased commuter and intercity rail services, 2) increased local and intercity bus service, and 3) construction of intermodal passenger transfer facilities. These projects are intended to provide alternative transportation to a significant number of people at the least cost, most energy efficient, and environmentally compatible means possible.

The Highway Transportation Program is being reduced by 169 personnel years and \$2,700,000 in 1980–81 and by 253 personnel years and \$5,300,000 in 1981–82 to reflect the staffing levels needed to meet current project delivery schedules.

Proposed program expenditure levels for the 1981–82 fiscal year are:

	State	Capital Outlay
	Operation	& Subventions
Aeronautics	\$1,575,236	\$5,492,000
Highway Transportation	649,366,332	805,046,276
Mass Transportation	10,360,828	140,391,000
Transportation Planning	8,608,432	6,031,500

DEPARTMENT OF THE CALIFORNIA HIGHWAY PATROL

The Department of the California Highway Patrol is responsible for assuring the safe, lawful, rapid, and economical use of the state highway system. The primary objectives are to minimize death, injury, and property loss from traffic accidents; to minimize traffic delays; and to provide protection and assistance to the motoring public.

Proposed Budget

To meet these responsibilities, a support budget of more than \$296 million, along with capital outlay of \$1.7 million is proposed for the 1981–82 fiscal year.

Proposed Budget

The budget for 1981-82 reflects adjustments to match program benefits with program costs. The significant proposed adjustments will be as follows:

- 1. The department's communication system equipment will be upgraded at a cost of \$2.3 million to enhance established rapid radio communications statewide for enforcement purposes.
- 2. Four positions and \$158,403 is proposed to permit the department to inspect annually each truck, trailer, vacuum tank, container and cargo tank, domiciled in California, that transport hazardous wastes.
- 3. In the current year the department has received an Office of Traffic Safety grant in the amount of \$1.6 million to purchase and operate three additional fixed-wing aircraft to improve Californias' compliance with the National Maximum Speed Limit.

DEPARTMENT OF MOTOR VEHICLES

The Department of Motor Vehicles objectives are: 1) to protect public interest by identifying ownership through the process of vehicle registration, 2) to promote safety on highways by licensing and controlling drivers, 3) to provide public protection through vehicle-related occupational licensing, 4) to encourage motorists to maintain financial responsibility, and 5) to provide other services as required by statute.

To meet these objectives, a support budget of more than \$199 million, along with capital outlay of \$4.7 million, is proposed for the 1981–82 fiscal year.

Proposed Budget

The budget for 1981–82 reflects adjustments to match program benefits with program costs. The significant proposed adjustments will be as follows:

1. A reduction of 165.1 personnel years at a net savings of \$670,387 due to the continued automation of fiscal activities in se-

lected field offices.

- 2. Implementing the automation of many vehicle registration functions at the point transactions are received at a cost of 20.9 personnel years and \$533,274. Starting in the 1985-86 fiscal year this program will result in annual savings of over \$4 million.
- 3. The addition of 61.6 personnel and \$1,174,737 to carry out the provisions of Chapter 696/79 which provides for the sale of reflectorized license plates on an optional basis.
- 4. The addition of 39.7 personnel years at a cost of \$895,834 to provide for the detection of California vehicles being registered out of state to avoid California registration and fee requirements. This is a multiagency registration compliance proposal which will generate additional revenue: General Fund \$8 million; Motor Vehicle License Fee Account, Transportation Tax Fund \$5.2 million; Motor Vehicle Account, State Transportation Fund \$3.4 million.

STEPHEN P. TEALE DATA CENTER

The Stephen P. Teale Data Center (TDC) was established in response to legislation which mandated the centralization of state computer facilities. By centralizing all electronic data processing and the use of a statewide timesharing system, TDC provides efficiencies and economies to users of its services. To date, the Center services 88 separate state entities.

The Center incorporates a large-scale computing facility with remotely located satellite mini-processors of varying size and capability. The main objective is to make available to each user a portion of the host computer required to effectively process that organization's data and applications. Thus, the TDC becomes available to the largest or smallest user at a price compatible with their requirements.

During FY 1980-81, TDC will be implementing a second EDP facility to meet the continued workload increase from the user community and to meet the new requirements of the California Fiscal Information System (CFIS) project. A \$2.9 million General Fund loan will provide funding for the implementation of Site 2.

Proposed Budget

Significant proposed adjustments to the budget are:

- Implementation of a second EDP facility

 —Site 2.
- 2. Implementation of Distributed Data Processing.



Resources

The Resources Agency programs are directly concerned with protecting, preserving, enhancing, and developing the State's environmental wealth for the benefit of all Californians. Programs funded range from those designed to attain and maintain desirable standards of air and water purity, to forest fire fighting, forest management, flood control, water development, oil drilling regulation, and the creation of recreational opportunities.

The Resources Agency, under the direction of the Secretary for Resources, consists of the following Boards, Commissions and Departments: the Departments of Conservation, Fish and Game, Forestry, Boating and Waterways, Parks and Recreation, and Water Resources; the Air Resources Board, the State Coastal Conservancy, the California Conservation Corps, the Colorado River Board, the Energy Resources Conservation and Development Commission, the San Francisco Bay Conservation and Development Commission, the Solid Waste Management Board, the State Lands Commission, the State Water Resources Control Board and the nine regional Water Quality Control Boards.

CALIFORNIA CONSERVATION CORPS

The California Conservation Corps was established by Chapter 342, Statutes of 1976, and reauthorized by Chapter 50, Statutes of 1980, to accomplish two important and interrelated goals: 1) to conserve and develop the state's natural resources and environment by employing the state's young women and men to work on

public service conservation projects, and 2) to provide these youths with a work experience opportunity that will help further their understanding and appreciation of the environment and teach them the fundamental work ethic.

The Corps provides fire suppression services and disaster relief, protects and preserves the natural environment, and develops the public resources to provide opportunities for greater public use.

Proposed Budget

The California Conservation Corps, during 1981–82, proposes to perform 2.5 million hours of public service conservation work to enhance the quality of California's environment. The Corps proposes to expand the training and work program in four areas to achieve this goal.

The CCC is currently operating under an agreement with the Department of Fish and Game under which the Corps performs stream clearance work along California's north coast to improve anadromous fish spawning habitat. This program is completely reimbursed by the Department of Fish and Game and employs 60 corpsmembers. It is proposed that this program be continued during 1981–82 at a cost of \$976,879 in reimbursements from Fish and Game.

The Legislature authorized the CCC to establish a solar and energy conservation program during 1980–81. The 1981–82 budget proposes to add four additional staff positions and to permanently add 60 corpsmembers at an increased cost of \$736,114 to provide for the establishment

of a permanent residential center.

The Corps proposes expansion of six existing centers to house 80 corpsmembers, an increase of 20 over the current level. This will provide the Corps with the capability to perform an additional 144,000 hours of public service conservation work at a total cost of \$1,521,159 to the General Fund. The establishment of two additional urban-based nonresidential centers is proposed for 1981–82 and includes 20 staff and \$1,132,052 from the General Fund. The two centers will provide 120 young Californians employment in their community performing various urban conservation projects.

DEPARTMENT OF FORESTRY

The Department of Forestry is responsible for the protection, conservation, and development of California's forest, watershed and range lands. The Department maintains an extensive fire protection system to meet the unique level of hazard within the State. The Department proposes a budget of \$163.7 million for the 1981–82 fiscal year to meet these objectives.

Proposed Budget

The Department of Forestry proposes to significantly expand its vegetation management efforts. An aggressive wildfire and chaparrel management program will reduce the number of large, damaging wildfires that each year denude thousands of acres of California's watersheds. These large, costly, and damaging wildfires result in millions of dollars of damage to life and property, destroyed fish and game habitat, devastating floods, increased water pollution, and sediment damage to agriculture and urban areas. The major technique to be used is prescribed burning as provided by Chapter 525, 1980 (Senate Bill 1704). This legislation provides for an expanded and strengthened prescribed burning program and allows the State to assume up to 90% of the cost, depending upon the level of public benefits. \$4,039,035 from the Energy and Resources Fund will be used to implement the new Wildfire and Chaparral Management program, including the acquisition of military excess helicopters.

The Department of Forestry is committed to tree planting programs in California's inner cities. These programs tap the human resources of inner cities by involving local citizens in planting, growing and maintaining trees and other vegetation. This in turn enhances the quality of living in these neighborhoods. For 1981–82, the Department of Forestry's budget is being increased by \$2,209,625 from the Energy and Resources Fund to provide for the establishment of 10 inner-city community urban forestry nurseries and to develop a nursery trainee program for 150 disadvantaged citizens.

SANTA MONICA MOUNTAINS CONSERVANCY

The Santa Monica Mountains Conservancy was created by Chapter 1087 (AB 1512), Statutes of 1979 to implement the Santa Monica Mountains Comprehensive Plan by developing programs for full fee or less than fee acquisition, restoration, or consolidation of lands in the Santa Monica Mountains Zone for park, recreation, or conservation purposes.

Proposed Budget

The Santa Monica Mountains Conservancy has established priority criteria for evaluation of projects in the Santa Monica Mountains Zone. For 1981-82 the budget includes a \$4,000,000 appropriation from the Parklands Fund of 1980. This appropriation will provide the resources for the Conservancy to aggressively pursue: acquisition of park, recreation, open space and conservation restoration areas; of small lot subdivisions; and, buffer zone protection. To facilitate the Conservancy's program, 4.5 additional personnel years are proposed for 1981–82.

ENERGY RESOURCES CONSERVATION AND DEVELOPMENT COMMISSION

The Energy Commission was established in 1975 to ensure continuation of a reliable supply of energy for California at a level consistent with the State's needs.

Proposed Budget

In the current year Chapter 902, Statutes of 1980 appropriated \$8 million from the Energy and Resources Fund to the Commission to grant loans to local governments for the purpose of converting street lighting systems to more energy efficient sodium vapor lighting. The Commission expects all funds to be disbursed by the end

of 1980-81.

In 1981–82 the Commission proposes to contribute \$2,250,000 from the Energy and Resources Fund as its share to begin the design and construction of a 5 megawatt solar pond power demonstration project at the Salton Sea. Other participants in this project are the Federal Department of Energy and Southern California Edison.

In an effort to accelerate the development of alternative sources of energy the Commission proposes to add nine new positions and \$5,908,081 for various solar demonstrations projects, ethanol productions demonstration and fleet alcohol test programs, the demonstration of the technical feasibility of utilizing biomass fuels, and to promote the maximum use and commercialization of renewable energy resources and advanced alternative technologies.

The Commission proposes to increase energy conservation activities by 9.5 positions and \$6,490,240 in order to maximize energy savings in the commercial and industrial sectors, to implement appliance standards, and to develop a vehicle efficiency plan.

Finally, in response to the volatile fuel supply situation, the Commission proposes to add twelve positions and \$1,699,000 to enable staff to analyze information submitted under the Petroleum Products Information Act (Chapter 1055, Statutes of 1980), for fuel shortage contingency planning and for the development of alternative energy supplies.

STATE COASTAL CONSERVANCY

Chapter 1441, Statutes of 1976 established the State Coastal Conservancy within the Resources Agency. The State Coastal Conservancy was created in order to develop and implement programs that are needed to protect, restore, and enhance natural, scenic, and man-made resources in the Coastal zone within policies and guidelines established pursuant to the California Coastal Act of 1976 (Chapter 1330).

Proposed Budget

Chapter 250, Statutes of 1980 authorizes the issuance of up to \$285 million in bond funds for parklands acquisition and development and the preservation of coastal resources. In 1981–82, the Conservancy proposes to spend \$16 million

for grants to counties, cities, and districts for the acquisition, development, rehabilitation, or restoration of real property, or the acquisition of any interest in real property, necessary for the implementation of local coastal programs and for the implementation of projects in the San Francisco Bay.

The Conservancy also has an additional \$10 million available from the 1980 Bond Act to support its ongoing programs. In 1981–82, expenditures of \$2,575,065 are proposed for various acquisition and restoration projects within the coastal zone.

PARKS AND RECREATION

The major activities of the Department are the planning, development, interpretation, and operation of the State Park System.

Proposed Budget

In 1981–82, visitor-days are expected to reach 65.2 million, an increase of 2.7 million over 1980–81, with the addition of 14,196 acres, 145 picnic units and 232 camp units.

The 1981–82 budget contains funds for the operation of these new State Park properties and developments, as well as an expanded resource management effort and a more comprehensive off-highway vehicle program. Also included in 1981–82 is a program to increase economic efficiencies and concession opportunities in the State Park System.

A \$10 million augmentation to the Roberti-Z'berg Urban Open Space local grant program will be provided from the Energy and Resources Fund. Grants to local agencies from this program will include \$4 million for recreation area acquisition, development and operation, plus \$6 million for development and improvement of urban fisheries.

WATER RESOURCES CONTROL BOARD

The broad objectives of the State Water Resources Control Board and nine Regional Quality Control Boards are to preserve and enhance the quality of California water resources and to assure their conservation and effective utilization.

Proposed Budget

The 1981-82 budget provides an additional

\$503,244 from the General Fund, redirects \$474,839 in General Fund dollars, and adds \$441,720 in reimbursements to fund 23.5 positions which will enhance the Board's existing efforts relating to detection, monitoring, regulating and otherwise responding to contamination of State waters by toxics. The 1981–82 budget also contains \$2,000,000 to initiate desiltation efforts in Upper Newport Bay. These funds will augment local resources for construction of a sedimentation basin. The basin is necessary to combat extensive sedimentation now taking place which is having an adverse impact on the habitat of the bay.

DEPARTMENT OF WATER RESOURCES

The role of the Department of Water Resources is to protect, conserve and manage California's water. Thus, the Department has a major responsibility for supplying suitable water for personal, agricultural, industrial, recreational and power generating uses as well as for fish and wildlife support.

Proposed Budget

The 1981–82 budget contains \$1,039,800 for the continuation of efforts to identify new and innovative methods for conserving agricultural water and \$4,680,000 for construction of a 1,000,000 gallon per-day pilot reverse osmosis desalting plant in the San Joaquin Valley. The 1981–82 budget also contains \$1,678,200 for the distribution of water conservation devices to California homes and \$341,000 for implementation of an urban water conservation program. Funding for all of these projects and programs is proposed from the Energy and Resources Fund.

AIR RESOURCES BOARD

The Board is continuing to provide technical assistance to local air pollution control agencies for the implementation of plans to attain Federal air quality standards. Efforts have focused on improving estimates of emissions in various urban areas and using better methods of monitoring air quality.

The Board's program to control new vehicles has resulted in 1981 model passenger cars that are substantially cleaner and 27 percent more fuel efficient than 1980 models. Two-thirds of the 1981 models certified for sale in California get the same as or better mileage than vehicles sold in other states while the cost to California car-buyers of pollutant control equipment has been reduced substantially.

Actions by the Board, in cooperation with the Kern County Air Pollution Control District, have resulted in a carefully balanced package of control measures which are reversing the trend of severely deteriorating air quality in Kern County, while allowing substantial increases in heavy crude oil production.

Proposed Budget

The Board is proposing to expand its efforts to reduce the exposure of the public to hazardous levels of air-borne carcinogens and other toxic pollutants. The goals are to prevent increased exposure from new sources, analyze and take steps to minimize the risk from existing "hot spots" such as abandoned disposal facilities, establish acceptable levels of long-term community exposure, and develop air quality standards and emissions limits to attain and maintain acceptable exposure levels.

The Board will also continue its efforts to maintain air quality goals in conjunction with the State's emphasis in encouraging the development and use of alternative and innovative energy sources such as co-generation and waste-derived fuels. The Board is proposing to increase its efforts to analyze the air quality problems, including toxics exposure, associated with the increased production and use of synthetic fuels.

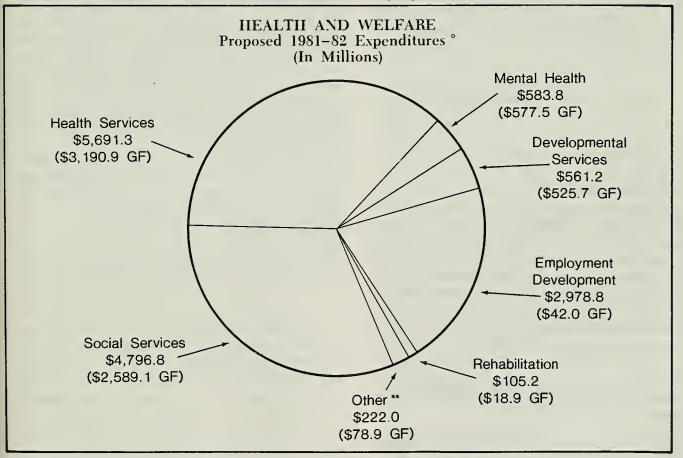
The Board will continue its technical assistance to local air districts with an extensive cooperative effort to develop and make available for local consideration, over 30 new and innovative-control measures to help attain State and Federal air quality standards. The Board will also perform modeling analyses to assist local districts in meeting Federal deadlines for amending the State Implementation Plan.



Health and Welfare

The programs administered by the Health and Welfare Agency are directly concerned with the physical, mental, and social well-being of all Californians. For Fiscal Year 1980–81, the Health and Welfare programs estimate an ex-

penditure of approximately \$13.8 billion in combined State, Federal, and county funds. The allocation of these funds to the various departments that are responsible for administration of the programs is shown below.



^{*} Includes State Support, Local Assistance, Capital Outlay, and a 4.75 percent increase for programs with statutory cost-of-living requirements

** Reflects allocations for Department of Aging, Department of Alcohol and Drug Programs, Health and Welfare Consolidated Data Cen-

ter, Office of Statewide Health Planning and Development, Governor's Advisory Committee on Child Care, State Council and Area Boards on Developmental Disabilities, Health Facilities Commission, and Emergency Medical Services Authority, which is independent of the Agency.

HEALTH AND WELFARE AGENCY

The Agency is responsible for administering the State's health, welfare, social and rehabilitative programs.

Current Accomplishments

The Office of Refugee Affairs was established within the Secretary's Office in 1980–81, and is proposed to be continued into 1981–82. This office provides overall policy direction and coordination for all services available to refugees. The office is composed of four positions and is funded via reimbursement from the Department of Social Services.

Proposed Budget

The Agency continues to implement the Multipurpose Senior Services Project (MSSP), which is a five year, \$42 million program of coordinated services to the elderly. 1981–82 is the year when the program is fully operational at 8 centers and will serve the greatest number of clients, which is estimated to be slightly over 19,000 clients.

DEPARTMENT OF HEALTH SERVICES

The Department of Health Services administers the Medi-Cal, Public Health, and Licensing and Certification programs.

Current Accomplishments

During the current year, the Department of Health Services (DHS) will continue to serve California through its broad range or programs to improve the health of its citizens: Medi-Cal pays for medical care for persons who cannot afford such care; Public Health protects the public against unsafe foods, drugs, water supplies, and hazardous materials; and Licensing and Certification regulates licensed health facilities throughout the State. The largest of these, the Medi-Cal program, has a projected 1980–81 caseload of 3,021,000 and expenditures of \$4.6 billion.

In the current year, a General Fund deficiency of \$102.5 million is currently estimated in the Medi-Cal program: \$94.1 million primarily in increased medical care and services costs attributed to higher caseload and user increases then previously estimated; \$4.0 million in increased county administrative costs due to

workload increases; and \$4.4 million in increased fiscal intermediary costs due to workload increases and delayed receipt of Federal funding related to delayed certification of the claim processing system as a Medicaid Management Information System.

In accordance with Chapter 282, Statutes of 1979 (AB 8), the Department of Health Services administers the County Health Services Fund which pays for a share of the cost of county health services. Subventions to counties under AB 8 will total \$318.9 million in 1980–81 and \$329.3 million in 1981–82. County requirements under AB 8 include the submission of plans, budgets, expenditure information, and specified reports to the Department.

Proposed Budget

In the budget year, total expenditures for the Department of Health Services, excluding discretionary rate increases are anticipated to grow by \$496.8 million; General Fund expenditures will increase by \$200.4 million. The largest part of that growth will be experienced by the Medi-Cal program, whose caseload is estimated to increase by 2.4 percent to 3,093,000 and whose total expenditures, excluding discretionary rate increases, are forecasted to increase by 9.8 percent to \$5.1 billion.

An additional 321 positions have been proposed for the Department of Health Services to enable the Department to provide essential health services. Medi-Cal Program and related positions include:

- Eighty-eight new positions are being proposed for varied programs that will generate savings or recoveries in the Medi-Cal program. It is expected that the addition of these positions will reduce Medical Assistance Program costs by \$22 million in 1981–82 and \$59.1 million annually after the program changes have been fully implemented. Details of the various proposals can be found in the "Special Presentations" section of the Budget.
- Twenty-one positions are being added to the recently established Organized Health Systems Division to initiate, improve, and expand programs that offer alternatives to the traditional fee-for-service mode of health care delivery. In 1981–82, emphasis will be placed on expanding membership

in prepaid health plans, and organized health systems, monitoring the quality of care rendered to plan member and implementing standards for reasonable and necessary dental services.

 Ten new positions are being added to ensure the State's compliance with Federal regulations concerning the Short-Doyle

Medi-Cal program.

- Thirty positions, added in 1980–81 by AB 1414 (Chapter 1129/80), are proposed for continuation until June 30, 1983. The positions strengthen the Department of Health Services' ability to manage the new fixed-price contract with Computer Sciences Corporation (CSC), the State's Medi-Cal claims processor. Two positions are proposed to evaluate eligibility data and develop a more accurate eligibility file resulting in fewer claim suspension and more expedient provider payment. Additionally, two positions are proposed to prepare for the possible transition to a new claims processor when the State's contract with CSC expires in February 1984.
- A total of 43 new positions are proposed for various hazardous and toxic waste programs which include dealing with abandoned sites, recycling and recovery and the acquisition of new sites plus the monitoring of existing sites for the effects on humans.

A model health insurance program that encompasses both the private and public sector is proposed to promote wellness through risk reduction programs. A total of \$500,000 is proposed to develop this model.

DEPARTMENT OF MENTAL HEALTH

The goals of the Department of Mental Health are to develop and provide a continuum of mental health services for the State's mentally disabled persons.

Current Accomplishments

The 1980-81 Budget Act provided an augmentation of approximately \$25 million and a one time reappropriation of \$7 million from 1979-80 for new community mental health programs. \$15 million of the augmentation was for establishing alternatives to State hospital place-

ment. The latter contributed to a population decrease in State hospitals for the mentally disabled from 4,984 patients on June 30, 1980 to an estimated 4,436 patients on June 30, 1981. Chapter 1239, Statutes of 1980 (SB 1984) appropriated up to \$3.0 million from the Special Account for capital outlay to San Joaquin County for the construction of a mental health complex. This is consistent with the Administration's initiatives to reduce the dependence on State hospital services and provide for more clinically appropriate community based services.

The Department is updating its three-year projection for the utilization of State-operated psychiatric facilities. This projection, required by the Budget Act of 1980, will address the need for State psychiatric facilities for the mentally disabled through June 30, 1983. The revised projection reflects a revision to the originally targeted 1,500-bed reduction by June 30, 1982. The 1980–81 budget was predicated on a 600-bed reduction by June 30, 1981. This reduction has been modified to 400 beds in 1980–81. The proposed reduction in State hospital beds for 1981–82 is 200 beds. The modifications in hospital requirements are reflective of local program requirements and potential patient needs.

Proposed Budget

The 1981–82 budget proposes a total Mental Health expenditure of \$577,907,562. This total includes a combination of State hospital fund transfers, a reappropriation and an augmentation to provide \$20 million in additional funds for local program services in 1981–82. These funds, together with existing programs are expected to reduce the State hospitals population by 200 from an estimated 4,436 on June 30, 1981 to an estimated 4,236 patients on June 30, 1982. The budget also includes \$5,906,375 for capital outlay. These funds will continue the program of Fire and Life Safety improvements.

DEPARTMENT OF DEVELOPMENTAL SERVICES

Current Accomplishments

The Department of Developmental Services has responsibility for nine State hospitals serving 8,530 clients during 1980–81, representing a reduction in population of 170 clients from the preceding year. This declining State hospital

population represents the Department's continued emphasis on placing State hospital residents into appropriate community settings. The 1980–81 budget for State hospitals includes \$1,568,118 for the continued funding of additional community placements by the Regional Centers.

The 21 Regional Centers provide intake, diagnosis, and referral services for approximately 66,000 individuals in the community with a budget of \$158.7 million in General Fund monies. The current year budget represents a 28 percent increase over the 1979-80 expenditure level. Also during the 1980-81 fiscal year, the Department continued the policy of allowing the Regional Centers to discontinue the use of the Department's Continuing Care Services Branch staff and to assume case management responsibility for all clients. This will result in a transfer of 2,860 of the 8,124 clients presently receiving placement and follow-up services from the State to six of the regional centers. Additional requests by other regional centers to assume case management services are currently under review by the Department.

The 1980–81 budget includes the reorganization of the Community Services Division to respond to the need for accountability, administrative direction, and technical assistance in the Department's Regional Centers Program. Commensurate with this reorganization, additional staffing approved in the Budget for the Electronic Data Processing and Audits Sections of the Administration Division are assisting to assure timely reporting and fiscal monitoring of community operations.

The current year budget reflects the implementation of Chapter 1132, Statutes of 1979 (AB 1164) that transfers the administration of the sheltered workshop program from Developmental Services to the Department of Rehabilitation through a contractual arrangement. Funding remains in Developmental Services' budget to be used to reimburse the Department of Rehabilitation through an interagency agreement. This funding includes \$660,499 to fund 27.5 positions to reflect increased emphasis on program management and monitoring and \$25,033,343 to provide workshop services for approximately 8,819 Regional Center clients.

Proposed Budget

Continuing growth in the number of new clients served by the Regional Centers is projected at 4,760. Funding for the Regional Centers is projected at a 17 percent increase over 1980–81 with the General Fund increasing by \$15.8 million. The budget for the Community Services Program also includes \$4.4 million for work activity program caseload increases. This also represents a 17 percent increase in General Funds over the 1980–81 budget.

The 1981–82 budget for State hospitals projects a decrease of 460 developmentally disabled clients. This decline in population permits a reduction of 411.9 level-of-care positions.

The projected reduction of the developmentally disabled population will be achieved through the normal projected decline of 280 clients at eight State hospitals and the phase out of developmentally disabled programs at Patton State Hospital. The phase out of Patton programs will result in a decrease in expenditures by Developmental Services of \$3.8 million. This includes the transfer of 82 clients to Camarillo State Hospital and the placement of 126 clients into community settings at a cost of \$2.4 million in 1981–82.

The budget also includes increased staffing for State hospital clients in medical/surgical and continuing medical care programs as outlined in the departmental study prepared pursuant to ACR 103 of 1978. The 1981–82 budget proposes 98.4 positions at a cost of \$1,835,760 to raise the staffing to 97 percent of the standards for these programs.

The Department of Developmental Services' capital outlay program of \$99,949,271 for the current year and \$32,511,252 in the budget year includes \$82,275,304 and \$24,105,002 respectively for fire and life safety and environmental improvements in the nine State hospitals operated by this department. These amounts represent the 1980–81 and 1981–82 increments necessary to assure all clients in State hospitals reside in code conforming buildings by July 1982. Conditional Federal Certification has been granted based upon the Department's commitment to meet the deadline for the projected July 1982 population of 8,070 developmentally disabled clients.

DEPARTMENT OF SOCIAL SERVICES

The programs administered by the Department of Social Services are designed to provide financial assistance to the eligible needy and to prevent abuse, neglect, and exploitation of children and adults who are unable to protect themselves. Major programs include: (1) SSI/SSP which provides cash grants to adults; (2) Aid to Families with Dependent Children (AFDC) which provides cash grants for children; (3) Food Stamps which provides nutritional aid to needy persons; and (4) Social Services which provides assistance to persons in need.

Current Accomplishments

Approximately 1.5 million low-income people will receive AFDC grants to meet the basic needs of children and their caretakers. In 1980–81, the average family of three, based on June 30, 1981 payment standards, will receive a maximum aid payment of \$463 a month to meet these needs. The total grant costs will be \$2.6 billion (\$1.2 billion in General Fund money, \$105 million in county funds, and \$1.25 billion in Federal funds).

The Supplemental Security Income/State Supplementary Program (SSI/SSP) is a Federal-State program which provides grants to finance basic needs of eligible aged, blind, and disabled individuals. Based on June 30, 1981 payment standards, an aged or disabled person receives a maximum aid payment of \$402 and a blind person \$451 per month. Over 707,000 Californians will receive these payments during the year, at a General Fund cost of \$1.25 billion.

In the Food Stamp program, an estimated \$639 million worth of food stamp coupons will help approximately 1.8 million people to receive food during the 1980–81 fiscal year.

The Social Services Program provides services to California's elderly, blind, and disabled citizens and to children and families who need help. The In-Home Supportive Services (IHSS) component of Social Services supplies homemaker and chore services to the aged, blind, and disabled persons who need assistance with personal care and/or essential housekeeping tasks. Approximately 93,000 IHSS recipients each month will receive service from county and private agency staff who provide such services pursuant to State guidelines. Departmental resources also provide social services for protecting the welfare

of children who are being or are in danger of being abused, neglected, or exploited.

A current year General Fund deficit of \$41.9 million is anticipated due in large part to a U.S. Supreme Court decision (Westcott v. Califano) which, generally, eliminates the gender distinction when determining AFDC-Unemployed benefits. The General Fund grant cost of the Courts' decision, commencing in 1980–81, is \$26,320,300. Other court actions and a projected 2.5% caseload increase over the budgeted levels contribute to the remaining deficit amount.

Proposed Budget

Estimated expenditures for all programs will approximate \$4.8 billion in 1981–82. This adjustment includes a proposed 4.75 percent statutory cost-of-living increase to the AFDC, SSI/SSP, IHSS and Aid to the Potentially Self-supporting Blind programs which is discussed in the special 'A' page cost-of-living section of the budget.

Approximately 1.5 million low-income people in 1981–82 will receive AFDC grants to meet the basic needs of children and their caretakers. The average family of three will receive \$463 a month and an additional 4.75 percent cost-of-living adjustment to meet these needs. The total grant costs will be \$2.7 billion (\$1.25 billion in General Fund money, \$108 million in county funds, and \$1.34 billion in Federal funds).

Effective July 1, 1981, an aged or disabled person will receive \$402 and a blind person \$451 per month and an additional 4.75 percent cost-of-living adjustment. Approximately 716,000 Californians will receive these payments during the budget year, at a General Fund cost of \$1.05 billion.

In the Food Stamp program, an estimated \$746.5 million in food stamp coupons will help approximately 1.95 million people to receive food during the 1981–82 fiscal year.

An estimated \$117.7 million General Funds and \$153.5 million Federal Title XX funds will serve an average 99,000 In-Home Supportive Services recipients each month.

Among the more significant program changes are:

 A general fund buy-out of Federal Title XX funds historically used for Child Care programs is proposed. Under the provisions of new Federal Law (P.L. 96-272, HR 3434), there are no requirements for any Federal Title XX funds to be used for child care after Federal fiscal year 1981 (1980-81). Therefore, in lieu of transferring Federal Title XX funds to the Department of Education through interagency agreement as in the past, a General Fund buy-out of Federal Title XX funds for child care is proposed because of the significant overmatch of State funds used for Social Service programs. The result of this shift is a proposed \$52 million reduction in General Fund overmatch for In-Home Supportive Services offset by an increase in the Department of Education's General Fund budget for child care.

- Major Federal legislation, the Adoption Assistance and Child Welfare Act of 1980. was signed into law on June 17, 1980. Public Law 96-272 (HR 3434), amends Part A and B of Title IV of the Social Security Act for the purpose of implementing a new Title IV-E plan including a Federal Adoption Assistance program and improving child welfare services by providing fiscal incentives to state which implement services intended to reduce the number of children in foster care. Since Federal regulations and state legislation implementing P.L. 96-272 are still pending, the fiscal impact of the Adoption Assistance and Child Welfare Act of 1980 is not fully known and has not been included in the proposed budget.

- Due to the increasing requirements associated with the Refugee Act of 1980 (Public Law 96-212), 32 positions are proposed to be administratively established in Fiscal Year 1980-81. The 1981-82 Budget proposes 38.5 permanent positions for the new Office of Refugee Services within the Department of Social Services to handle increased workload resulting from an increasing refugee population. The objective of the Office of Refugee Services, is to provide a permanent and systematic procedure to assure that benefits are provided to refugees throughout the State uniformly and in accordance with State and Federal regulations. This 100 percent federally funded program,

formerly temporary, was made permanent by the Refugee Act of 1980 Public Law 96-212, signed by the President in March 1980.

— It is proposed that staff in Community Care Licensing be augmented by 51.9 positions in Fiscal Year 1981-82 so that more effective and frequent evaluations of community care facilities can be performed. This proposal to augment staff is commensurate with the additional work required with existing facilities as well as projected facility growth. Further, new workload standards will be applied in Community Care Licensing, which will result in reduced cost allocated for county licensing. This reduction is partially offset by increases in the number of facilities licensed by the counties in Fiscal Year 1981 -82. The net result is a minor increase to total cost.

EMPLOYMENT DEVELOPMENT DEPARTMENT

The Employment Development Department provides a labor exchange facility for jobseekers and employers, helps welfare recipients and other disadvantaged persons, and young people to become self-sufficient through job training and employment, administers the Unemployment Insurance (UI) and Disability Insurance (DI) programs, and administers the tax collection and accounting functions under the UI, DI, and Personal Income Tax withholding programs.

Current Accomplishments

California Worksite Education and Training Act (CWETA) utilized approximately \$4.3 million of the \$25 million appropriation for the program in 1979–80. The remaining funds will be expended during Fiscal Years 1980–81 and 1981–82. Currently, approximately 3,200 participants are involved in the program at 37 project sites statewide. Eighty-three percent of these clients are being trained in electronics, nursing, and agricultural related fields.

Proposed Budget

Chapter 918, Statutes of 1980 (SB 1476) established the Employment Preparation Program. The goal of this program is to prevent and

reduce welfare dependency by assisting AFDC applicants and recipients to find jobs as quickly as possible. A General Fund appropriation of \$808,364, and 13.8 new positions are proposed for the implementation and evaluation of the pilot portion of this program. Approximately 2,100 clients are expected to be served in the first year of operation.

REHABILITATION

The Department of Rehabilitation helps disabled persons reach social and economic independence. The Department's primary goal is to rehabilitate and place into suitable employment, physically and mentally handicapped persons.

As a result of Federal Fund reductions, the department's budget will be reduced by approximately \$16.7 million and 220 personnel years in 1981–82.

Current Accomplishments

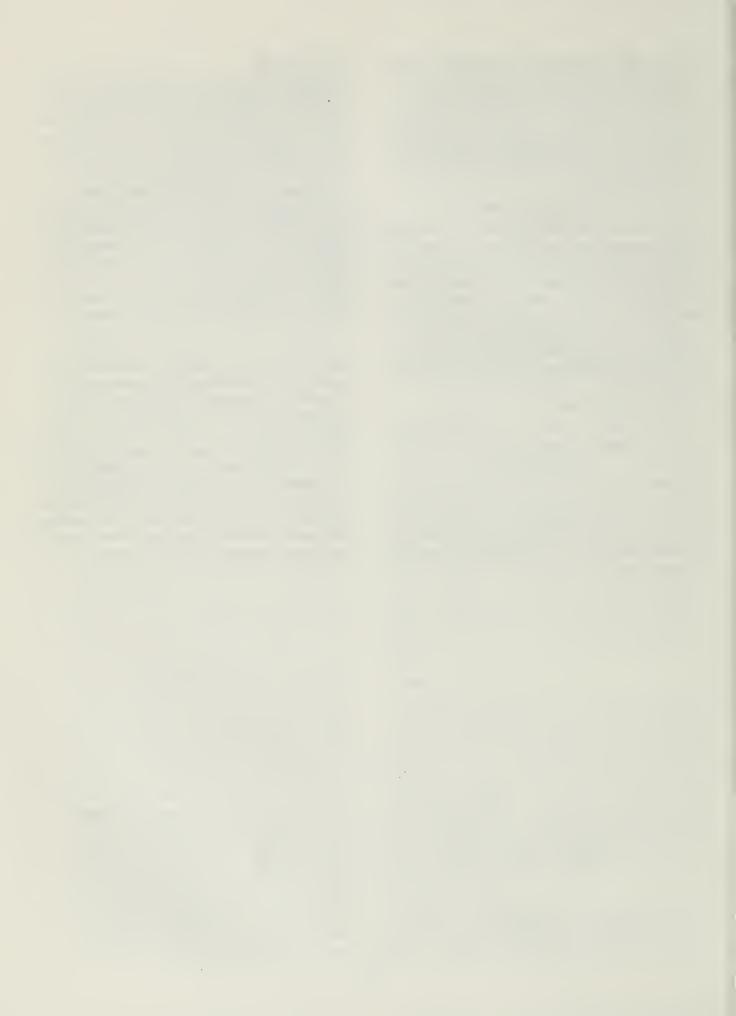
State funding continues to be provided to the 24 Independent Living Centers in California. Approximately \$3.2 million in 1980–81, and \$4.2 million in 1981–82 will be expended for grants to ILCS. This continued funding has maintained existing core services in all 24 centers. In addition \$225,000 of the 1980–81 appropriation has been used to upgrade core services in some centers.

Proposed Budget

Chapter 1183, Statutes of 1980 authorizes the Department to study the feasibility of establishing pilot projects that would alter the delivery of services to the severely disabled through a system of comprehensive service centers. \$700,000 has been appropriated for this purpose.

The Department of Health Services administers the Adult Day Health Care Section, which has recently been transferred to the newly established Office of Long Term Care and Aging in the Community Health Services Division. An expenditure increase of \$10.9 million, or \$5.6 million in General Funds, will increase the number of sites from 50 to 65 and the number of participants from 2,500 to 3,250.

Among the major programs in the Department of Social Services which provide services to the elderly are the Supplemental Security Income/State Supplementary Program (SSI/SSP) program and the In-Home Supportive Services (IHSS) program. It is estimated that the SSI/SSP program will provide grants to approximately 716,000 aged, blind, and disabled individuals at a General Fund cost of \$1.05 billion. The IHSS program is anticipated to provide homemaker and chore services to an average 99,000 disabled and elderly individuals each month at a total cost of \$271.2 million.





Youth and Adult Correctional Agency

Effective December 20, 1979, the Governor approved Reorganization Plan No. 3 of 1979, creating the Youth and Adult Correctional Agency, in response to Chapter 1252, Statutes of 1977. The new agency provides communication, coordination, and budget and policy direction for the Departments of Corrections and the Youth Authority and the Board of Prison Terms, Youthful Offender Parole Board, Board of Corrections, Correctional Industries Commission, and the Narcotic Addict Evaluation Authority. The Agency Secretary is the chairperson of the Board of Corrections.

DEPARTMENT OF CORRECTIONS

The principal programs of the Department of Corrections are the control, care and treatment of persons who have been convicted of serious crimes, or those admitted to the civil narcotic program, and committed to state correctional facilities. The Department's objectives also include supervision of individuals who have been paroled from correctional facilities and returned to the community.

The Department of Corrections is required by statute to accept convicted felons and committed nonfelon narcotic addicts from California courts when their sentence is imprisonment in a State correctional facility. It is the Department's responsibility to provide safe and secure detention facilities to protect society from further criminal activities and to provide necessary services such as feeding, clothing, medical care, and

treatment programs including academic and vocational education, and psychiatric and counseling services. In carrying out this responsibility, the Department operates 12 correctional institutions and three reception centers. In addition, the Department operates a Re-entry Program. The primary objective of this program, consistent with the public's safety, is to increase the rate and degree of successful transitions of adult offenders who have been, or who are in the process of being, released to the jurisdiction of the Parole and Community Services Division.

The Parole and Community Services Program currently operates through four parole regions.

Proposed Budget

Current projections for the Department of Corrections forecast a continued increase in the average daily institution population from 24,805 in the current year to 26,150 in the budget year or an increase of 1,345. The Department's proposed budget provides 805.5 new positions and \$26.7 million for the necessary support services for this increased population and related workload.

The average daily caseload for the Parole and Community Services Program is estimated at 17,313 during the budget year, which represents an increase of 2,336 from the current year. This increase will require 93 positions and \$1.3 million above the 1980–81 revised level.

Total support expenditures in 1981-82 for departmental institutions and camps, federal and

local government facilities, and community facilities will include \$435.2 million and 9,373.4 person-years.

As part of its long range planning for upgrading the existing plants and for new facilities to meet increased inmate population needs, the Department of Corrections has developed a Facilities Requirements Plan for a comprehensive capital outlay package covering the next 10 years. For the 1981–82 increment of the plan, the Administration is requesting \$27.7 million including \$15.3 million for construction at Tehachapi, \$10.4 million for planning at San Diego and Folsom, and \$2 million for additional temporary housing units. An additional \$9.8 million is requested for routine capital outlay projects which includes \$4 million for fire and life safety projects.

BOARD OF PRISON TERMS

The Board of Prison Terms (formerly known as the Community Release Board) considers parole release and establishes the length and conditions of parole for all persons sentenced to prison under the Indeterminate Sentence Law and reviews the sentences of all determinately sentenced (DSL) prisoners. The Board may recommend to the court that the sentence be reviewed and the prisoner resentenced. The Board also may suspend or revoke the parole of any prisoner who has violated parole. The Board may waive parole for any prisoner and may discharge any prisoner prior to the expiration of the statutory maximum parole period. Upon request of persons determinately sentenced, the Board reviews the length and conditions of parole imposed by the Department of Corrections and the Department's denial of good time credit, and may modify the Department's decision. The Board also advises the Governor on applications for clemency.

DEPARTMENT OF YOUTH AUTHORITY

The primary objective of the Youth Authority as stated in Section 1700 of the Welfare and Institutions Code is "to protect society more effectively by substituting for retributive punishment, methods of training and treatment directed toward the correction and rehabilitation of young persons found guilty of public offenses." The Department carries out this mandate to pro-

tect the public by: (1) providing residential and community rehabilitation programs which will help persons committed to the Youth Authority to become useful and productive citizens, and (2) accumulating a body of knowledge relative to the causes of delinquency and the treatment and control of those who engage in illegal behavior.

The Youth Authority's programs for offenders are carried out in ten institutions and six conservation camps. The Institution and Camp Program will provide appropriate care, custody and treatment for 5,243 wards (Average Daily Population) in Fiscal Year 1980–81. In addition, the Department provides post-release services to wards through thirty parole field offices in four parole zones. The average parole population for Fiscal Year 1980–81 is estimated to be 6,723.

Proposed Budget

The Department of the Youth Authority's average daily institutional population is estimated to be 5,271 for the 1981–82 budget year. This represents a projected increase of 28 persons over current year. The proposed budget provides 33.7 positions and \$1.3 million for security and program staff related to this population increase. Average parole caseload is expected to be 7,103 in 1981–82. To carry out its operations, the budget includes \$224 million and 4,367.9 positions. An additional \$2.6 million is proposed for various capital outlay projects including \$658,000 for replacement of security sound systems, and \$500,000 for special education classrooms and offices.

YOUTH OFFENDER PAROLE BOARD

Chapter 860, Statutes of 1979 separated the Youth Authority Board from the Department of Youth Authority and renamed the Board to the Youthful Offender Parole Board. The separation from the Department of the Youth Authority was effective January 1, 1980.

The Youthful Offender Parole Board makes decisions as to persons committed to the Department of the Youth Authority. These decisions involve setting a date for the person's readiness for return to the community on parole; conditions relating to the persons conduct on parole; violation and revocation of parole; return to the

committing court for redisposition by the court; and discharge of the person from jurisdiction of the Youth Authority.

BOARD OF CORRECTIONS

The principal activities of the Board of Corrections relate to the functions of local corrections in the State. The Board promulgates standards relating to conditions of confinement for adults placed in county and city detention facilities including design of physical plant, fire and life safety, program activity, food, clothing, bedding, medical care and sanitation.

Proposed Budget

Chapter 1351/80 (AB 3245) established the County Jail Capital Expenditure Fund with \$40,000,000 to provide assistance to county jails. The Governor reduced this appropriation to \$100,000 (for planning) with a message that operational funding would be included in the

1981–82 budget. AB 3245 requires the Board to conduct needs assessment surveys for county corrections/detention facilities including review of facilities, incarceration practices, jail population projections, and assistance in development of architect design/programming. The surveys will provide county government with reliable data for purposes of making decisions on remodeling or construction of county correctional facilities. This budget proposes \$40 million from the General Fund for implementation of AB 3245. Details of the expenditure will be developed by the Board of Corrections while the county surveys are being completed.

The Board also establishes minimum standards for the recruitment, selection and training of all local corrections and probation officers, and provides state aid in the form of grants to any county or city which adheres to the selection and training standards. For the 1981–82 Governor's Budget, \$6.9 million from the Corrections Training Fund is proposed for the second year of a training program for local officers.





Education

DEPARTMENT OF EDUCATION

California's public education system is administered at the State level by the Department of Education under the direction of the State Board of Education and the Superintendent of Public Instruction, for the education of more than four million students from preschool age through adulthood. State support of elementary and secondary education has changed significantly since the public approved Proposition 13 in June 1978. During 1978–79, over \$2.1 billion was appropriated from the State surplus to the public schools to replace losses in property taxes resulting from the initiative's enactment. In July 1979, the Legislature enacted and the Governor signed without modification, a longer term school finance measure, AB 8, that established a new general aid support process for the public schools and increased State support for K-12 schools. In the current year (1980-81), the State's share of public school support is in excess of 70 percent compared to the 39 percent share which existed in 1977-78 prior to Proposition 13.

Current Accomplishments

1. School Finance

State apportionments for the State's public schools, K-12, totalled \$5,826.9 million in 1980-81. The 1980-81 Budget Act increased the cost-of-living adjustment on the base revenue limits provided in AB 8 (Chapter 282, Statutes of 1979) for the

State's public schools from an average of 8.4 percent to 9 percent.

2. Master Plan for Special Education
This program insures that all students
with exceptional needs receive the services and educational opportunities appropriate to meet their individual needs as
determined by an Individual Education
Plan (IEP). Chapter 797, Statutes of
1980 (SB 1870) provides for full implementation of the Master Plan for Spe-

cial Education by 1981–82. It is estimated

that 390,000 students will be enrolled in

Special Education Programs.

3. School Improvement Program

The School Improvement Program, established by Chapter 894, Statutes of 1977 (AB 65), is aimed at restructuring education in kindergarten through grade 12. It replaced the Early Childhood Education Program (ECE) in kindergarten through grade 3. In the current year, program implementation funds of \$129.0 million for grades K-6 and \$18.6 million for grades 7-12 are provided for a total of \$147.6 million. An additional \$4.8 million was provided for planning grants to serve approximately 135 new secondary schools.

4. Economic Impact Aid
Economic Impact Aid is a program
which revises and consolidates the former
Educationally Disadvantaged Youth and

Bilingual Education Programs. Chapter 894/77 (AB 65) added 467 school districts to the program in 1979–80, for a total of approximately 1,000. The 1979–80 budget provided \$2.4 million for program expansion, \$8 million for districts not receiving sufficient funds through the EIA formula, \$2 million for bilingual education mandated costs, and \$2.3 million to increase the supply of bilingual teachers. In 1980–81 an additional \$6.0 million was provided for districts not receiving sufficient funds through the EIA formula.

5. Urban Impact Aid

Urban Impact Aid provides general aid to unified school districts meeting the criteria of size and concentration of disadvantaged pupils provided in Chapter 894/77 (AB 65). Chapter 282/79 (AB 8) augmented the program for 19 school districts qualifying on the basis of ADA. Statutory authority for the program was extended through June 30, 1984 by Chapter 1354, Statutes of 1980.

6. Child Care

The 1979-80 budget provided \$4.5 million expansion funds for child care to provide services to an additional 3,300 children and \$37 million for school district and community child care programs to replace revenues previously generated from permissive child care override taxes prior to passage of Proposition 13. The 25 percent match requirement for campus child care programs was reduced to 12½ percent in 1979-80, with General Fund replacement of the remaining 12½ percent. Legislation enacted in 1979 continued the authorization for the alternative child care program in AB 460 (Chapter 251/79) and established intergenerational child care programs in AB 1496 (Chapter 974/79). Chapter 798/80 provided \$9 million for program expansion to serve approximately 3,889 additional children in 1980-81. The same legislation also provided \$4 million for child care capital outlay from the Special Account for Capital Outlay.

7. School Facilities Aid

The School Facilities Aid program was established by AB 8 (Chapter 282/79) and is aimed at providing construction and maintenance for elementary and secondary classrooms for the education of public school pupils. For the current year AB 8 appropriates an amount equal to the repayments on State School Building Aid loans (if any) in excess of the amount required to pay the General Fund for debt service. This amount is estimated to be \$61.5 million in 1980-81. Because of the current fiscal contraints now facing school districts, however, subsequent legislation was enacted in 1980-81 to provide a more comprehensive funding of school facilities construction and maintenance:

- Chapter 899, Statutes of 1980 (AB 2973) allocates \$100 million from offshore oil revenues in 1980–81.
- Chapter 288/80, Statutes of 1980 appropriated \$208 million for allocation in 1980–81 from the General Fund.
- Chapter 1354, Statutes of 1980 (AB 2196) appropriates \$15 million from the Special Account for Capital Outlay for the purchase of additional portable/relocatable classrooms to districts experiencing rapid growth enrollments.

8. State Special Schools

The California School for the Deaf and the California School for the Blind, formerly located in Berkeley, have now relocated to their new facilities in Fremont. This marks the culmination of a \$49.7 million construction effort over the last several years. However, there is currently a lawsuit over the change in the school's location and the effect of such change over the individual educational plans of the students.

Proposed Budgets

1. School Finance

The proposed budget contains a total of \$5,287.7 million to fund State apportionments to K-12 school districts in 1981-

82. This amount is sufficient to provide a 5.0 percent cost-of-living over 1980-81 base revenue limits for schools and continues the one-time 1980-81 Budget Act cost-of-living augmentation into 1981-82. This amount is in-lieu of the estimated 7.2 percent cost-of-living adjustment provided in AB 8 (Chapter 282, Statutes of 1979) and will provide an average increase to base revenue limits of \$87 perunit of average daily attendance.

In a companion measure to be introduced along with the budget, the administration proposes to shift \$361.2 million in property taxes from cities, counties and special districts to the K-12 public school system releasing an equivalent amount of state general funds for cost-of-living increases proposed in the Governor's Budget. In addition, the Governor's proposed budget recognizes the release of unsecured property tax revenues impounded by AB 2196 (Chapter 1354, Statutes of 1980). It is estimated that release of these funds will provide approximately \$265 million in additional property taxes for schools: \$37.1 million for the state's community colleges and \$227.9 for K-12 public schools. The net result of the companion measure will be a \$589.1 million reduction in state aid to the public schools, K-12, accompanied by a \$589.1 million increase in property tax revenues for no net change to school district revenue limits as a result of the funding shift.

The Governor's 1981–82 Budget for school apportionments, K–12, also proposes two special reductions necessary to balance the budget. The Driver Training Program for regular high school students is proposed for elimination (a savings of \$19.1 million) and no funding for the statutorily allowable two percent growth in adult average daily attendance is proposed (a savings of \$3.4 million). State funding for driver training for handicapped students is proposed for continuance.

2. School Improvement Program
For 1981-82, \$150.0 million is provided
for the School Improvement Program

(SIP), including a reappropriation of \$2.4 million in planning grants to enable 135 secondary schools to complete the planning process begun in 1980–81. Implementation for the 135 schools, now receiving planning grants, would cost \$5.9 million for the last half of 1981–82 and could be provided through redirection of existing program funds.

3. Child Care

The Governor's Budget for 1981–82 provides \$3 million in child care expansion funds for full year annualization of the expansion provided through Chapter 798/80 to a full expansion program of \$12 million.

4. Bilingual Teacher Corps
Chapter 1261, Statutes of 1980 (AB 2615), consolidates the Bilingual Teacher Corps and the Student Development Grant programs under the Student Aid Commission. AB 2615, Chapter 1261, effects this merger on July 1, 1981. The two programs are continuing to operate separately with Budget Act funding during the current fiscal year.

5. Bilingual Education
Chapter 1339, Statutes of 1980 (AB 507),
substantially amended bilingual education to: (1) define new bilingual program
curricula, (2) establish language assessment procedures, (3) extend bilingual
teacher waivers, (4) notify parents of student language assessment results, (5) establish exit criteria to mainstream limited
and non-English-Speaking pupils, and
(6) develop school plans for limited- and
non-English-Speaking pupils.

6. Legislative Mandates
Chapter 1135, Statutes of 1977 (SB 90), empowered the State Board of Control to accept and arbitrate mandated cost claims from local school districts complying with legislation passed since 1973, despite disclaimers exempting these costs from reimbursements. The 1981–82 Governor's budget provides \$16.3 million to school districts for legislative mandates, including three chapters which were initially disclaimed—School Attendance Review Boards (Chapter 1215/74), Re-

gional Adult Vocational Education Councils (Chapter 1269/75), and immunization records (Chapter 1176/77). Also included are two new legislatively recognized mandates—scoliosis screening (Chapter 1347/80). Basic skills conferences (Chapter 1333/80).

7. State Child Nutrition Program

The Child Nutrition Program provides for State allocation of funds to school districts and qualifying child care and day care centers for reimbursement of costs for provision of nutritious school meals. The funding level for the needy meals component has been increased \$2.7 million over the current year to a budget year level of \$25.1 million General Fund. This provides for a fully funded 1980–81 basic subsidies for needy children.

8. Contributions to the State Teachers' Retirement Fund

This program provides State financing of teacher retirement benefits which are not funded by employer and employee contributions and income from investments. Due to the rising costs of retirement benefits and the escalation of the unfunded liability in the Teachers' Retirement System, Chapter 282, Statutes of 1979 (AB 8), provides additional funds with the intent of stabilizing the growth in unfunded retirement obligations. The State's direct contribution to STRS including provisions of Chapter 282 totals, \$221.2 million in 1981-82 and will continue to increase in the future through annual inflationary adjustments (\$7.7 million over 1980-81) plus an additional annual increase of \$20 million per-year through 1994-1995. Included within this amount are funds to meet costs of unused sick leave credits and increased benefits provided for in past legislation.

9. School Facilities

In order to protect the multibillion taxpayer investment in school facilities, the 1981-82 Governor's Budget includes \$279.2 million for school facilities maintenance and construction. \$79.2 million represents a transfer of the "excess repayments" on State School Building Aid Loans, and \$200 million represents an allocation from offshore oil revenues.

STUDENT AID COMMISSION

The State of California provides financial assistance through various programs which assist academically able, financially needy students pursuing postsecondary education opportunities. The major portion of this aid is provided through the Student Aid Commission and enables students to attend private as well as public institutions at both undergraduate and graduate levels. The Commission's primary programs are: (1) the Cal Grant Award program through which grant assistance is provided to undergraduate students and (2) the State Guaranteed Student Loan Program through which low cost, federally reinsured loans are made available by commercial lenders to undergraduate as well as graduate students at no cost to the State. Table III summarizes the Commission's current grant programs.

Current Accomplishments

In 1980-81, the Commission will administer approximately \$91.6 million in grant assistance with 63,926 students receiving aid. In addition to the grant programs, this agency administers the State Guaranteed Student Loan Program. With the Commission serving as the State guarantee agency for federally reinsured student loans, an estimated \$350 million in new student loans will be available in the current year serving an estimated 140,000 students.

Proposed Budgets

For 1981–82, \$92.4 million will provide grant assistance to 66,974 students. A 1.8% General Fund increase over 1980–81 is proposed for grants provided through the new Bilingual Teacher Grant Program (Chapter 1261, Statutes of 1980). In addition, the Commission anticipates a new student loan volume of approximately \$400 million in 1981–82 serving an estimated 160,000 students.

TABLE III SUMMARY OF STUDENT AID GRANTS

	1979–80	1980–81	1981-82
SCHOLARSHIPS—Cal Grant A			
Number of Grants	38,895	38,735	40,793
Average Amount/Grant	\$1,369	\$1,521	\$1,437
Total Cost	\$53,283,350	\$58,930,068	\$58,610,620
General Fund		(52,238,620)	(52,238,620)
Federal Funds	(6,739,136)	(6,691,448)	(6,372,000)
COLLEGE OPPORTUNITY GRANTS—			
Cal Grant B			
Number of Grants		21,415	21,145
Average Amount/Grant	\$1,131	\$1,183	\$1,186
Total Cost	\$22,708,737	\$25,345,277	\$25,080,096
General Fund	(17,771,213)	(20,478,096)	(20,478,096)
Federal Funds	(4,937,524)	(4,867,181)	(4,602,000)
OCCUPATIONAL EDUCATION AND TRAINING GRANTS—			
Cal Grant C			
Number of Grants	2,435	2,305	2,268
Average Amount/Grant	\$952	\$1,317	\$1,278
Total Cost	\$2,318,331	\$3,036,150	\$2,898,504
General Fund	(1,697,297)	(2,194,879)	(2,072,504)
Federal Funds	(621,034)	(841,271)	(826,000)
GRADUATE FELLOWSHIPS			
Number of Grants	963	1,009	1,006
Average Amount/Grant	\$2,705	\$2,673	\$2,682
Total Cost (General Fund)	\$2,605,805	\$2,698,000	\$2,698,000
BILINGUAL TEACHER GRANTS			
Number of Grants	431	400	1,700
Average Amount/Grants	\$2,411	\$2,599	\$1,536
Total Cost (General Fund)	\$1,039,537	\$1,039,700	\$2,610,700
LAW ENFORCEMENT PERSONNEL DEPENDENTS			
SCHOLARSHIPS			
Number of Grants		12	12
Average Amount/Grant		\$1,250	\$1,250
Total Cost (General Fund)	\$14,929	\$15,000	\$15,000
SUPERVISED CLINICAL TRAINING GRANTS			_
Number of Grants		50	50
Average Amount/Grant		\$10,000	\$10,000
Total Cost (General Fund)	\$470,000	\$500,000	\$500,000
TOTAL NUMBER OF GRANTS		63,926	66,974
TOTAL COST		\$91,564,195	\$92,412,920
General Fund	(, - , - , - , - , - ,	(79,164,295)	(80,612,920)
Federal Funds	(12,297,694)	(12,399,900)	(11,800,000)

BOARD OF GOVERNORS CALIFORNIA COMMUNITY COLLEGES

The Board of Governors provides Statewide leadership to the 70 community college districts and 106 community colleges and serves as a planning, coordinating, reporting, advising and regulating agency. The Chancellor's Office is the administrative arm of the Board. It directly administers a credentialing program, the State funded Extended Opportunity Programs and Services (EOPS), certain aspects of federally funded occupational programs, a grant program for community colleges engaged in projects of innovative and nontraditional methods of instruction, and State apportionments to the 70 local districts.

Current Accomplishments

State apportionments for Community Colleges totalled \$1,044.0 million in 1980–81. The 1980–81 budget act increased the cost of living adjustment provided in AB 8 (Chapter 282/79) for Community Colleges from an average of 7 percent to 9 percent.

As part of the Governor's continuing commitment to serve disadvantaged students, the 1980–81 budget increased funds for Extended Opportunity Programs and Services by 13.3 percent over 79/80 to serve about 3,500 additional students and provide a 9 percent inflation adjustment for grants and services. Apportionment funds for handicapped students also contained a 9 percent inflation factor to increase these funds from \$15,800,000 in 79/80 to \$17,222,000 in 80/81.

Proposed Budgets

The provisions enacted in AB 8 (Chapter 282/79) which govern community college finance expire at the end of the 1980–81 fiscal year. New legislation will be required to continue state funding for the Community Colleges in 1981–82.

Recognizing the need for new legislation, the 1981–82 budget proposes to reserve a total of \$919.3 million to fund community college legislation to be enacted during the 1981 legislative session. This sum was determined using current law as a basis for projecting the level of appropriation needed in the budget year less a \$10 million reduction to accommodate current fiscal

restraints. It recognizes a 2.5 percent growth in community college average daily attendance but provides no cost-of-living adjustment. In addition, the amount reserved anticipates a companion measure to the budget in which the Governor proposes to shift \$58.8 million in property taxes from cities, counties and special districts to the community colleges. Another \$37.1 million in unsecured property tax revenues impounded by AB 2196 (Chapter 1353, Statutes of 1980) are proposed for release to community colleges for a total additional increase in property tax revenues in 1981-82 of \$95.9 million. These additional property tax revenues will release an equivalent amount of State general funds for cost-of-living increases proposed in the budget. It is anticipated that cost-of-living for community colleges will be the subject of legislative action during the 1981 Session.

At the direction of the Legislature, the Chancellor's Office is conducting a comprehensive study of programs and services for students with disabilities. The study is to include comparisons of the scope and level of such services as provided in the three segments of postsecondary education. The study is due to the Legislature by February 1, 1981 and is to include "proposals for changes in the current statutory language regarding programs and services for students with disabilities, if necessary." Because this required study has not been completed, the Governor's Budget for 1981–82 contains the same level of funding as in 1980–81 for disabled students services.

The 1981–82 proposed budget contains \$3,180,000 from the Capital Outlay Fund for Public Higher Education and \$5,000,000 from one-time unsecured property tax revenues (transferred to the General Fund) to be used for deferred maintenance and special repairs throughout the community college system. These funds are to be allocated by the Chancellor's Office and are to be available until June 30, 1983.

Starting in 1980–81 and continuing in 1981–82, it is proposed to transfer local assistance funds for vocational education projects from the Department of Education to the Chancellor's Office as reimbursements to permit faster and more efficient handling of these projects.

UNIVERSITY OF CALIFORNIA

Current Accomplishments

In the current year, the University is providing an education to 112,914 full-time equivalent students at the general campuses and to 12,581 FTE students in the health science disciplines. The general campus students represent an increase of 4,141 FTE over the level budgeted for the current year. The University will be provided \$2.5 million to fund the increased FTE pursuant to Sec. 28.9 of the 1980–81 Budget Act.

Proposed Budgets

The University is planning to provide education to 110,864 FTE students at the general campuses and to 12,802 FTE students in the health science disciplines in 1981–82.

To accomplish the mission of providing University level education, the 1981–82 budget will provide a total of \$1,081 million from the General Fund for the University of California. This represents a \$40.2 million (3.9 percent) increase above the 1980–81 level of support exclusive of any amount subsequently granted for salary increases. Included in this total, the budget provides a \$6.8 million General Fund increase to accommodate the increase in both general campus and health science disciplines.

A total increase of \$6,250,000 is provided to expand the research activities of the University of California. An increase of \$5 million is proposed as part of an investment in the economy. These funds will provide initial funding to match private industry contributions to research projects considered productive by a partnership of academic, government and industry for basic and applied research in micro-electronics and computer sciences. A further increase of \$1 million is provided for faculty research to provide funding for faculty, to enable more rapid progress on projects than otherwise would have been possible; and to provide seed money, facilitating the acquisition of additional extramural research grants. The remaining increase of \$250,000 will provide for additional research projects within the California Space Institute, a Universitywide Organized Research unit which supports and unifies space-related research within the University of California.

In addition to \$651,000 for workload support related to the addition of new space, the budget

continues \$5 million for deferred maintenance and special repairs from the Capital Outlay Fund for Public Higher Education.

The budget reflects the transfer of \$2,570,514 currently budgeted in the Department of Industrial Relations to the University of California for the development of occupational health centers, one in the northern part of the State and one in the southern part. The primary function of these centers is the training of occupational physicians and nurses, toxicologists, epidemiologists and industrial hygienists. In addition, they will serve as referral centers for occupational illness and will engage in research on the causes, diagnosis and prevention of occupational illness.

CALIFORNIA STATE UNIVERSITY AND COLLEGES

Under the provisions of the Master Plan for Higher Education, the California State University and Colleges (CSUC) provide instruction in the liberal arts and sciences and in professions as well as applied fields requiring more than two years of collegiate effort. Also mandated is instruction in teacher education for undergraduate and graduate students. In addition, the doctoral degree may be awarded jointly with the University of California or private institutions, and faculty research is authorized. The CSUCs 19 campus system is governed by a 23-member Board of Trustees which appoints the Chancellor.

Current Accomplishments

The 1980–81 budget provides funds for 230,-750 full-time equivalent (FTE) students. However, fall enrollment data indicates an annual enrollment of 238,775 FTE students, or 8,025 FTE students in excess of the 1980–81 budgeted level. Section 28.9 of the Budget Act of 1980 provides supplementary funding for unanticipated enrollment if increases exceed two percent of the budgeted enrollment. Under such Budget Act provisions, CSUC will be provided \$2.5 million for this over-enrollment in 1980–81. Additionally, Chapter 884, Statutes of 1980, provides \$507,296 to combat the growing incidence of violent crimes on the CSU-San Jose Campus.

In addition, the 1980–81 budget provides \$647,285 to finance special conservation projects directed to reducing CSUCs energy consumption.

Proposed Budget

In 1981-82, the CSUC system anticipates enrolling 236,850 FTE. This represents an increase from the previous year budgeted enrollment of 6,100 FTE. The 1981-82 budget provides a total of \$938.7 million in General Fund support. This is an increase of \$6.1 million (0.7%) above the amount appropriated for the 1980-81 fiscal year, exclusive of any amount that may be subsequently granted for salary increases. The total of \$938.7 million includes an increase of \$11,388,-305 necessitated by the estimated rise in enrollment. The proposed 1981-82 budget also contains new or additional funds to continue a campus computer phase-in of (\$358,684); to implement Phase I of an Integrated Business System which will upgrade CSUCs present accounting system (\$234,000); to expand the retention activities of core student affirmative action programs on eight CSUC campuses (\$200,000); and to continue additional positions authorized by special legislation (Chapter 884, Statutes of 1980) for public safety at CSU-San Jose (\$223,291). In addition, the 1981-82 budget proposes \$679,649 from the Energy and Resources Fund to continue funding for minor retrofit and relamping projects to lower energy consumption rates at CSUC. An additional \$4,159,750 from the Capital Outlay Fund for Public Higher Education (COFPHE) is proposed for instructional equipment replacement which was previously funded from the General Fund.

HIGHER EDUCATION CAPITAL OUTLAY

Deciding upon the proper amount and timing of capital expenditures for education is a complex and difficult task. Problems relating to construction, technology, and design are different for each project, but beyond that are the questions of the number and mix of students to be served and the most equitable methods of financing the facilities ultimately approved. The Capital Outlay Program for Higher Education continues to fund the highest priority needs for Higher Education. The 1981-82 Capital Outlay Program proposes utilization of resources from four funds: the Capital Outlay Fund for Public Higher Education (COFPHE) (\$64,557,150); the Energy and Resources Fund (ERF) (\$734,-250); the Health Science Facilities Construction Program Bond Fund (\$2,618,000); and the Community College Construction Program Bond Act of 1972 (\$640,500).

The Capital Outlay Fund for Public Higher Education is funded from a portion of the State's Tideland Oil Revenues. Revenues in the fund for 1981–82 are proposed to be expended for capital outlay needs for the University of California, General Campuses (\$20,615,000) and Health Sciences (\$2,356,000); the California State University and Colleges (\$21,845,650); the California Maritime Academy (\$277,500); and the California Community Colleges (\$19,463,000).

The Energy and Resources Fund was estab-

lished by Chapter 899, Statutes of 1980 and receives its income from a portion of the States's Tideland Oil Revenues. The 1981–82 Governor's Budget proposes \$734,250 from the Energy and Resources Fund to provide a greater emphasis towards the development of preliminary plans for five cogeneration plants at three UC campuses and two campuses at the California State University and Colleges.

The Health Sciences Facilities Construction Program Bond Fund receives its income from the sale of general obligation bonds and is used exclusively to finance Health Science capital outlay projects for the University of California. The expenditures proposed for this budget will substantially exhaust the bonds authorized by the electorate in 1972.

The Community College Construction Program Bond Act of 1972 received its income from the sale of general obligation bonds, and is used exclusively to finance capital outlay projects for the California Community Colleges. The expenditures proposed for this budget will substantially exhaust the bonds authorized by the electorate in 1972. In addition the remaining balances in the Junior College Construction Program Bond Act of 1968 will be transferred into the Bond Act of 1972 for expenditures proposed in the 1981–82 Governor's Budget.

The following Table IV illustrates the relationship between fund sources and the proposed use of those funds by the education segments.

TABLE IV
TOTAL EXPENDITURES FOR MAJOR AND MINOR CAPITAL OUTLAY IMPROVEMENTS
FOR THE SEGMENTS OF EDUCATION
1981–82

			California			Total
	University of		State	California	California	Capital Outlay
	General	Health	University	Maritime	Community	Expenditures
	Campuses	Sciences	and Colleges	Academy	Colleges	by Fund
Expenditures from:						
Capital Outlay Fund for Public Higher Education	\$20,615,000	\$2,356,000	\$21,845,650	\$277,500	\$19,463,000	\$64,557,150
Energy and Resources Fund	515,000	12,250	207,000	-	~	734,250
Health Science Facilities Construction Program						
Bond Fund	-	2,618,000	_	-	-	2,618,000
Community College Construction Program Bond					(40.500	ć 10 maa
Act of 1972					640,500	640,500
Subtotal, State Support	\$21,130,000	\$4,986,250	\$22,052,650	\$277,500	\$20,103,500	\$68,549,900
Federal Funds	3,453,000	92,000	-	_	_	3,545,000
Non-State Funds	36,044,000	10,502,000	4,559,000	-	3,912,800	55,017,800
Hospital Reserves Account		244,000				244,000
Subtotal, Non-State Support	\$39,497,000	\$10,838,000	\$4,559,000	_	\$3,912,800	\$58,806,800
TOTAL. CAPITAL OUTLAY PROGRAM EX-						
PENDITURE BY SEGMENT	\$60,627,000	\$15,824,250	\$26,611,650	\$277,500	\$24,016,300	\$127,356,700

UNIVERSITY OF CALIFORNIA

The University has two major capital outlay budgets: one pertains to the eight general campuses and the other to campuses which have health sciences programs.

Current Accomplishments

The 1980-81 budget reflects the planning and construction of projects using funds made available by the Health Sciences Facilities Construction Program Bond Fund. These funds are used exclusively to finance health sciences capital outlay projects for the University of California. Capital Outlay Fund for Public Higher Education (COFPHE) funds were also made available for the highest priorities of the University. Projects consisted of the correction of life safety, handicapped, minor capital improvements and construction funds for the northern regional library compact shelving facility. In addition, planning funds have been provided for the development of studies to determine the effect of the State Seismic policy upon all University facilities. COFPHE funds were also used to purchase the San Diego County Hospital.

Proposed Budget

Funding for 1981–82 encompasses the highest priorities of the University of California. Projects consist of the corrections to life and safety deficiencies, minor capital improvements, planning funds for the southern regional library compact shelving facility at the Los Angeles campus, and construction and equipment for the microelectronics fabrication laboratory in Cory Hall at the Berkeley campus. In addition, planning funds have been provided for the Food and Agriculture Sciences Building at the Davis campus. This project will provide a facility to house the Departments of Animal Science, Avian Sciences, Environmental Toxicology, Nutrition, and Food Protection and a Toxicology Center which collectively deals with major problems in food supply, food safety, environmental quality and human nutrition.

THE CALIFORNIA STATE UNIVERSITY AND COLLEGES

The State University and Colleges consist of 19 campuses, serving the entire State of Califor-

nia from Eureka in the north, to San Diego and Calexico in the south.

Current Accomplishments

The 1980–81 Capital Outlay Program was designed to continue the elimination of architectural barriers to the physically handicapped and other code deficiencies, minor capital outlay improvements, funds for the planning of a cogeneration plant at San Diego State University, construction funds for an Art and Design Center at State University, Northridge, and planning funds for faculty office buildings at State University Northridge and State Polytechnic University Pomona.

Proposed Budget

Funding for 1981-82 will meet a number of high priority projects, including continuation of the elimination of architectural barriers to the physically handicapped and other code deficiencies; continuation of high priority energy conserprojects: minor capital improvements; equipment funds to make operable the science building at Humboldt State University, the music building at State University Long Beach, and the library at San Jose State University; construction funds for faculty office buildings at State University Northridge and State Polytechnic University Pomona; and planning funds for four new cogeneration plants at State University Northridge, State Polytechnic University Pomona, San Jose State University, and State Polytechnic University San Luis Obispo.

CALIFORNIA MARITIME ACADEMY

The Academy's primary objective is to provide the highest quality of instruction in the nautical sciences, marine sciences and related fields. This program produces well-trained, college educated officers for the maritime industry.

Current Accomplishments

Recognizing the need for new facilities, the Legislature, over the past four years, appropriated approximately \$8.4 million in construction funds for residence halls, electrical distribution system, faculty office addition, administration addition, physical education facilities, welding

laboratory, library addition, and a radar simulation laboratory to meet the requirements of the 5-year academic master plan. All facilities are completed and in operation. No Capital Outlay expenditures were proposed in 1980–81.

Proposed Budget

Funding for 1981–82 proposes a wind turbine electric power generator which will provide an alternative energy source of power sufficient to meet most of the electrical needs of the Academy.

CALIFORNIA COMMUNITY COLLEGES

The California Community Colleges provide opportunities for higher education based upon local community needs by offering two-year college level and vocational courses.

Current Accomplishments

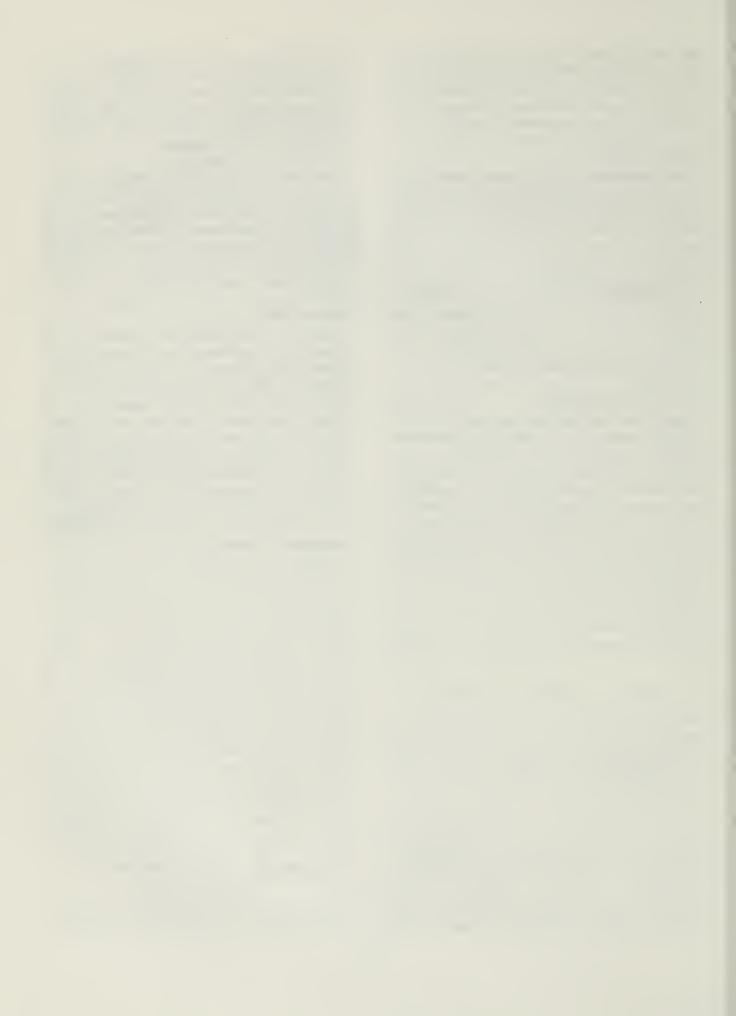
The Community College Construction Act of 1980, as enacted by Chapter 910, Statutes of 1980, revised the funding mechanism for Community College Capital Outlay. The passage of Proposition 13 virtually eliminated the ability of local community college districts to provide the traditional matching share of project costs as previously required by the then existing statutes.

The Construction Act of 1980 allows for an increase in the State share of the cost of a project up to 100 percent of the total project cost, based upon certification by the Community College Chancellor's Office that district reserves are insufficient to allow the district to bear the traditional share of the project.

The 1980–81 Capital Outlay Program included projects for the removal of the most critical architectural barriers to the physically handicaped for State supported facilities and working drawing and construction funds to meet the most critical needs for instructional and related capacity space at various colleges.

Proposed Budget

The 1981–82 budget proposes to continue the elimination of the most critical architectural barriers to the physically handicapped for State-supported facilities. In addition, this budget proposes to fund two energy conservation retrofit projects, equipment funds to make operable previously funded construction projects, and six construction projects to meet critical needs for instructional capacity space including initial construction of a permanent campus for Mendocino Community College and the construction of a general classroom building at Saddleback Community College.





General Government

OFFICE OF CRIMINAL JUSTICE PLANNING

The Office of Criminal Justice Planning provides staff support to the California Council on Criminal Justice; coordinates planning efforts by private, State and local agencies in the criminal justice system; and administers federally-funded grants to those agencies in accordance with the plans developed under Federal and State guidelines.

Proposed Budget

Administration of the Rape Victim Program was shifted from the Department of Social Services to OCJP by Chapter 917/80 (SB 862). In addition to the \$207,638 in grant funds transferred to OCJP, SB 862 appropriated \$412,500 for additional grants and \$150,000 for support costs. This budget proposes to continue the annual grant level of \$620,138 as established by Chapter 917 and the \$150,000 for administrative costs of the program.

The budget year reflects continuation of the Victim/Witness Assistance Center Program at the \$3.0 million level funded in the current year. Legislation will be supported to extend assessments available to the program from the Indemnity Fund, which are scheduled to expire December 31, 1981.

Chapter 1167/78 established the Career Criminal Apprehension Program to provide special funding to local law enforcement agencies targeted for the apprehension of a relatively small number of repeat/violent "career criminals". This budget proposes \$2.5 million from

the General Fund for permanent financing of this program.

The Crime Resistance Task Force was established to develop citizen involvement in local crime prevention programs. This budget proposes a General Fund appropriation of \$1,315,-249 for support and local assistance.

The State currently provides disaster and related emergency training at CSTI. This budget proposes \$500,000 from the General Fund to provide for post-formal CSTI training of local law enforcement personnel to develop plans for security in connection with urban disasters and civil disorders.

Legislation will also be requested to continue the Career Criminal Prosecution program, and to shift the source of funds from the General to the Indemnity Fund. This legislation will propose increased fines to support the additional cost to the Indemnity Fund. This program has been highly effective in aiding District Attorneys in their prosecution efforts.

CALIFORNIA ARTS COUNCIL

The California Arts Council was established in 1975 to encourage the growth of artistic expression and participation at State and local levels. In the past two years, the Council has significantly extended program outreach to rural and urban populations, to the institutionalized, developmentally disabled, and culturally deprived, and to audiences for small, local productions as well as prominent organizations.

The 1981-82 profile for the California Arts

Council reflects a successful, multi-faceted organization deeply committed to protecting and promoting the cultural environment of the State. A total of \$2.3 million is devoted to residency programs in schools, communities, hospitals, prisons, and mental health facilities. Resident artists teach, provide workshops and demonstration classes, promote more effective learning techniques through incorporation of art into other disciplines, and assist students, the elderly, and other clients to raise self esteem through participation and awareness of the arts.

A total of \$6.3 million is used in support of grants to help non-profit arts organizations strengthen their internal management and employ professional staff, and to extend arts programs and performances more broadly to the general public. Grants are awarded to over 600 local and prominent organizations, and technical assistance is provided to over 200 additional organizations and thousands of individual artists through regional technical assistance consortia.

Another \$3.3 million supports various statewide programs and apprenticeship training (\$90,974). Of note in the statewide program category is the State/Local Partnership Program initiated by the California Arts Council in 1980– 81 to promote local cultural planning and to reach previously underserved regions of the State with arts programs. This program provides phased grants to each participating county to stimulate a countywide planning effort for arts programs and to provide seed money for implementation of the plan. Thirty-five counties were expected to participate in 1980-81. Program outreach was so successful, however, that 57 counties requested to participate. Grants for the State/Local Partnership Program are therefore proposed to be augmented by \$350,000 in 1981-82 to a total of \$1,400,000 to permit full statewide participation.

Two legislative changes to Council programs merit attention. Chapter 1258 of the Statutes of 1980 created the Exemplary Arts Education Program to encourage and assist in the establishment, conduct, or improvement of elementary and secondary educational programs which integrate the arts into the curricula for academic disciplines. Chapter 1258 appropriates \$750,000 to the Council annually for three years beginning in 1981–82 and requires the Council and

the Department of Education to administer the program jointly. In addition, Chapter 493 of the Statutes of 1980 transferred the appropriation for the Art in Public Buildings Program from the Department of General Services to the Council. Chapter 493 requires the Council and the State Architect's Office to work together to select state-owned facilities as sites for original works of art created by California artists. The Council will use its panel process of volunteer professionals in arts fields to select art projects for placement in state buildings.

The 1981–82 budget for the California Arts Council also proposes an administrative reorganization to assist the Council in carrying out its increased management responsibilities. Since 1978–79, Council programs have grown in scope and outreach by approximately 600 percent, but staff has expanded by less than half that amount. In order to provide the Council with the management resources needed to guide its complex and varied cultural programs, thirteen additional staff positions are proposed in 1981–82 as part of a major reorganization (\$0.6 million).

CALIFORNIA PUBLIC BROADCASTING COMMISSION

The California Public Broadcasting Commission proposes a major departure from previous years through the establishment of new programs and policies which will bring the full benefits of public telecommunications to the State's citizens. California can use public telecommunications to extend democratic principles of governance and effectiveness of service; linkages can be built which transform the sense of closeness to government felt perhaps by tens of thousands into one known by millions. Open government is a common intent; in a society of more than 22 million, its art will be public telecommunications.

Proposed Budget

The following new programs and program augmentations are proposed for 1981–82:

\$794,606 is proposed from the General Fund to establish and/or expand news bureaus to produce daily news coverage and documentaries on public policy and governmental events. The Association of California Public Radio Stations

will be granted funds to continue and expand California Public Radio (CPR), a statewide programming service which provides daily, weekly and special reports in English and Spanish to 19 public radio stations in the State. The Association of California Public Television Stations (ACPTS) will be granted funds to establish a Sacramento center for governmental news and public affairs television broadcasting. Funding will support the continuation of Sacramento Week in Review and the initiation of live and special events coverage of the Legislature, the Executive Office, and the agencies of State government. Programs will be distributed statewide to the twelve public television stations. In addition, three hour-long documentaries will be produced on sensitive public policy issues such as disposal of toxic wastes.

\$100,000 is proposed from the California Environmental License Plate Fund to produce news coverage and programming on environmental issues. Of this amount, \$50,000 is for a radio news coverage and \$50,000 is for television coverage.

\$199,978 is proposed from the General Fund to establish an on-going program to develop interconnection between public broadcast stations. Interconnection is the technology and management structure which provide the links in a telecommunication system. Two projects proposed for 1981-82: the completion of a twoway terrestrial audio and video microwave link between the State Capitol and the public television station in San Francisco to permit the transmittal of State government and policy news to the entire State via satellite; and a statewide survey of existing and planned interconnection systems to prepare a State master plan for systems integration. Upon completion of the plan, the California Public Broadcasting Commission will apply for a Federal grant from the National Telecommunications and Information Administration for hardware funding.

\$240,384 is proposed from the General Fund to develop applications of telecommunications within State government. Of this amount, \$175,384 would be used to establish pilot demonstrations with three State agencies on the benefits of telecommunications technologies with emphasis on teleconferencing, and \$50,000 is proposed to explore the use of computer-based and two-way interactive video technologies ("telematics").

In addition, \$15,000 is proposed to train public information officers to use cable television in providing public information and to ascertain availability of community service cable channels.

In support of these programs, \$211,496 is proposed from the General Fund to augment the Commission's staff by 6.5 positions.

The Commission is sensitive to the current State fiscal projections and to the limited resources available. It is precisely because of this sensitivity that public telecommunications is pushed to the fore; the modest costs of applying public telecommunications to goals and activities underway, and to dissemination of news on the democratic process, will extend the effectiveness of government geometrically, both in terms of those served and in quality of service.

DEPARTMENT OF INDUSTRIAL RELATIONS

The objective of the Department of Industrial Relations is to foster, promote and develop the welfare of California's wage earners, to improve their working conditions and to advance their opportunities for profitable employment.

Current Accomplishments

During the current year, the Department is actively involved in pursuing and eradicating problems associated with toxic substances in the workplace. Consistent with this is the analyzing of health data for the work environment, conducting health inspections of work facilities and operation of a 24-hour "hotline" for information related with toxic spills.

Proposed Budget

In the coming year, the Department will seek legislation to support the budget of the Division of Industrial Accidents through User Funding. The User Funding Program will permit the Department to assess fees upon private industry sufficient to pay administrative costs for the Workers' Compensation Program serving the private sector. The public sector's share of administrative costs will still be charged to the General Fund.

If the passage of legislation is successful, approximately 80% of the Division's budget will be offset by reimbursements for an estimated savings of \$27,000,000 to the General Fund. Additionally, DIR will be requesting an augmenta-

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tion to this program of approximately \$4,849,207 and 135 positions. The details will be presented to the Legislature at a later date. The augmentation will enable the Division to reduce litigation costs to private industry.

In addition, AB 946, enacted in 1980, mandates that the Department administer the Asbestos Workers' Account to provide relief to injured workers suffering from asbestosis. The Fund will provide medical and temporary disability benefits until such time as legal precedents have been established to simplify and shorten delays in collecting benefits. The 1981–82 budget proposes 8.0 positions to be funded through redirection of existing resources to administer this account.

The Department is also proposing 15 additional positions in the Division of Labor Standards Enforcement contingent upon funding from the Contractors State Licensing Board. These positions are to provide enforcement against the increased number of unlicensed contractors and contractors who make unrecorded cash payments. Legislation enacted in 1980 allows the Division to assess penalties against such employers. Estimated State General Fund revenues to be generated by this program are approximately \$1,000,000 annually.

FOOD AND AGRICULTURE

The Department of Food and Agriculture is engaged in a program to eradicate a major infestation of the Mediterranean fruit fly in Santa Clara County and a minor infestation in Los Angeles County. The Mediterranean fruit fly is a tenacious pest which breeds extremely quickly and is so damaging in its larval stage that other nations frequently embargo all host crops from an infested area. An embargo of the State's fruit crops would prove disastrous to agriculture, and the Department is therefore committed to eradicating the pest as rapidly and safely as possible.

Eradication operations began in 1980–81 using the Department's Emergency Fund (\$1,000,000) augmented by an additional \$1,000,000 appropriated by Chapter 1146, Statutes of 1980. Eradication efforts are anticipated to continue through 1983, and the Department proposes to support 1981–82 activities through redirection of \$887,721 from lower priority programs.

In order to preserve and develop California's agricultural resources, the Department is proposing a new agricultural research program supported by a \$12,500,000 appropriation from the Energy and Resources Fund. Funding will be utilized to support programs and projects designed to meet the following objectives:

Enhancement of agricultural productivity through maintenance of existing resources;

Reduction in the dependence on foreign energy inputs by stimulating development of technology utilizing agricultural residues as feed stocks;

Stimulation of new market and crop opportunities.

In addition, the Department proposes to complete the phase-in of the Pesticide Regulatory Program during 1981–82 by redirecting \$631,221 from lower priority programs to pesticide activities at the State level. County subventions for pesticide regulation will be augmented by \$455,678 (\$239,678 through redirection and \$216,000 in new General Fund support). See A 31 for further discussion of pesticides.

PUBLIC UTILITIES COMMISSION

The Public Utilities Commission has been given general authority to regulate the activities of California's utilities including: energy utilities; communications utilities; water utilities; and transportation utilities. The Commission is able to effect its policies through approval/disapproval of operating authorities and rate structures for the utilities. Decisions of the Commission are appealable only to the California Supreme Court unless a provision of Federal Law is at issue.

Proposed Budget

The growing demand for energy coupled with declining sources of new energy have demanded that the Commission continue and expand its involvement in the formulation and implementation of energy policy and resource conservation. Accordingly, the 1981–82 budget proposes that the Commission's appropriation from the State Energy Conservation and Development Account within the General Fund be increased by \$1,437,135. This augmentation will fund approximately 40 positions whose primary functions will be to: 1) increase the Commission's

promotion of energy conservation and development of alternative energy sources by public utility organizations; 2) ensure that the increased energy costs borne by utilities are equitably shared by rate payers; and 3) review and certify proposed powerplants.

In addition, the Commission proposes \$326,785 and 10 positions from the Transportation Rate Fund to continue the transportation energy efficiency plan for California highway carriers. The Commission also proposes that \$906,991 of reimbursements and 23 positions be authorized during 1981–82 to continue the activities related to the construction of the Liquefied Natural Gas Terminal currently proposed for Point Conception, California.

INDEMNIFICATION OF PRIVATE CITIZENS

The Victims of Violent Crimes Program indemnifies those citizens who are injured and suffer financial hardship as a result of a crime of violence or who sustain damage or injury while performing acts which benefit the public. \$11,869,623 is proposed for this program's 1981–82 budget of which \$9,870,141 is for payment of claims and \$1,999,482 is for state and local administrative costs. The 1981–82 budget for this program reflects a funding shift of \$4,736,295 from the General Fund to Indemnity Funds. The Administration will be proposing legislation to increase the level of penalties and assessments collected, thereby providing the additional required revenue to the Indemnity Fund.

CALIFORNIA FISCAL INFORMATION SYSTEM (CFIS)

In the 1978–79 fiscal year, the Department of Finance implemented the development of the California Fiscal Information System in order to meet the State's high-level fiscal information needs.

Subsequently, the Legislature enacted Assembly Bill 3322 (Chapter 1284, Statutes of 1978) to require changes in the State's budgeting and accounting systems, and the establishment of an on-line fiscal information system. The CFIS Task Force was formed within the Department to develop CFIS and to implement the other requirements of AB 3322. The California Fiscal Advisory Board (CFAB), established pursuant to AB 3322, has been designated as the CFIS

Advisory Committee. CFAB is responsible for monitoring and advising the legislative and executive branches on the implementation of AB 3322. As advisor to CFIS, CFAB will review such policy issues as the selection of CFIS software vendors, the level and extent of detail of CFIS information, placement of CFIS terminals, and access to CFIS data, etc.

The California Fiscal Advisory Board consists of the chairpersons of the Senate Finance, Assembly Ways and Means, Joint Legislative Budget, and the Joint Legislative Audit Committees, the State Treasurer, the State Controller, and the Director of Finance, who is the chairperson of the Board. In addition to its advisory and policy review role for CFIS, the board is responsible for the review of the basis of the State's accounting. The board shall also recommend any further legislation that may be necessary to achieve the objectives expressed in AB 3322.

CFIS will make available to Legislative and Executive Branch decision-makers a computerized on-line system providing information on the State's revenues, expenditures and performance measures. CFIS will provide information in graphic and tabular form, and will provide the means to simulate expenditures, forecast revenues and compare program activities.

Current Accomplishments

The development of CFIS and related changes in the State's budgeting and accounting systems are planned over several years, with specific accomplishments planned each year. The computer software for CFIS was acquired, and installed in the 1979–80 fiscal year at the Teale Data Center. Data base files were established which provide interim data from the first eight departments as well as other selected information useful to decision-makers.

Interim CFIS provides information on:

- Eight departments' revenues, expenditures, and performance measures (CSUC, Caltrans, EDD, Education, Health Services, Motor Vehicles, Social Services and Water Resources—with a few exceptions).
- General Fund cash flow receipts and disbursements from July 1974 to present.
- Budgeted and actual expenditures for Property Tax Relief, Shared Revenues, and State-Mandated Local Programs.

- Federal authorizations, receipts, disbursements and authorizations yet to be received.
- Legislation in process, including author, description, and applicable revenue and cost estimates.
- Budget administration for the current fiscal year, including appropriations, augmentations and revised plans.
- Governor's Budget and Budget Bill, including changes made by each House and the Conference Committee in program and line item detail.
- Historical data, including five years of actual revenues, expenditures, and personnel-year data for all departments and most funds. Selected summary data will be available for longer time periods.
- Economic data, including selected U.S. and California time series.
- Revenue models and data for revenue forecasting.

Twenty-four video-graphics terminals have now been installed and training sessions have been conducted for Interim CFIS users (staff from Finance, State Controller, State Treasurer, the eight departments, and the Legislature).

The Program Evaluation Unit, Department of Finance, has identified and started the collection of performance measures for the first eight departments to be in CFIS, and work has been started to identify measures for the programs of 35 additional departments. A Statewide Program Structure has been devised which will relate departmental program data by statewide programs based on common objectives.

In July 1980, a contract was executed with Peat, Marwick, Mitchell and Co. to design and install a computerized program cost accounting system in 22 pilot agencies and institutions. This system called CALSTARS, California State Accounting and Reporting System (formerly referred to as the Institution and Standard Accounting System), will ultimately be installed in 150 State agencies and institutions.

The State Controller's (SCO) Fiscal System is currently being redesigned to accommodate the requirements of AB 3322 and CFIS data

needs. This redesign effort is to be completed in time to run a parallel test of the new system in the 1981–82 fiscal year with the 22 CALSTARS pilot agencies. The system to be installed will replace the existing SCO Fund Accounting and General Disbursements Systems. In addition to capabilities provided by the current systems, the new system will provide new capabilities for automation of the Controller's Annual Report, ad hoc reporting, claim tracking and claims auditing assistance.

Proposed Budget

In the budget year, CALSTARS will be installed in an additional 20 departments and institutions. The second CALSTARS distributed processor, input terminals, communications lines and printers will be acquired and installed for the use of these additional agencies.

By July 1982, the online inquiry, shadow file updating and labor distribution capabilities of CALSTARS will be designed and installed. These features will be available for use by the 22 pilot agencies and the additional agencies that are to become operational on CALSTARS by July 1, 1982.

There continues to be a wide disparity and complexity in the program cost accounting capabilities and automated systems designs present in the eight departments. Because of this, and the problems associated with year-end closing, delays in the transmission of 1980-81 fiscal year data were experienced in all of the eight departments. It will be necessary during the budget year to complete the transmission of 1980-81 fiscal year data from the eight departments and to continue the refinement of acsystems and provide coordination to meet the CFIS final design requirements.

The State Controller's Fiscal System will become operational in the budget year, and a parallel test will be conducted with the 22 CAL-STARS pilot departments and institutions. Modifications will be made to the State's Payroll System and State Treasurer's System, as needed, to accommodate the CFIS common coding.

OFFICE OF ADMINISTRATIVE LAW (OAL) AND AUGMENTATION FOR OAL SERVICES

The Office of Administrative Law (OAL) was established on July 1, 1980 (Chapter 567 of the Statutes of 1979) to reduce the number and improve the quality of the State's administrative regulations. Pursuant to this mandate, OAL shall: 1) enact and oversee the review of all regulations enacted before and after July 1, 1980 to ensure that each regulation meets the statutory standards of necessity, authority, clarity, consistency and reference; 2) ensure the validity of proposed emergency regulations; and 3) edit and publish the California Administrative Register, the Administrative Code Notice Supplement and the Administrative Code.

Proposed Budget

The elimination of unnecessary and burdensome regulations that impede progress within both government and private industry is a priority of the current Administration. Accordingly, the 1981–82 budget proposes that 41 total positions, which were administratively established during 1980–81, be continued and fully funded by reimbursements. These positions will provide that most of the California Administrative Code (over 26,000 pages of regulations) meet the above stated statutory standards by December

31, 1982. The 1981-82 budget also proposes that \$3.5 million, which is comprised of \$2,300,000 of General Funds, \$1,100,000 of Special Funds and \$100,000 of Non-Governmental Cost Funds, be authorized to fund the individual state departments' internal regulation review costs.

TAX RELIEF

Tax relief expenditures from Budget Bill appropriations total approximately \$1.1 billion in the budget year. This amount includes a reduction of \$235 million which is proposed to be funded instead by the 1978–79 unsecured property taxes. The Unsecured Roll section of the Special A-Page Presentations details this proposal.

SHARED REVENUES

The primary objective of the Shared Revenue program is to provide an efficient method for collecting a portion of the necessary revenues to fund local services. During 1981–82 about \$1.3 billion will be collected by the State and distributed to local government. This amount includes an additional \$50 million apportionment of motor vehicle license fees. This acceleration will somewhat ease local government's share of 81/82 budget reductions.

State-Mandated Local Programs

History

An early effort to limit rapidly increasing property taxes was the enactment of Chapter 1406, Statutes of 1972 (SB 90). That legislation established maximum property tax rates to limit the amounts collected by local government and, at the same time, required the State to reimburse local government for the costs of any state-mandated programs contained in legislative acts enacted after January 1, 1973. Cities, counties and special districts were also entitled to reimbursement of costs resulting from the issuance of executive regulations after that date; school districts were specifically excluded from that entitlement.

As the Legislature considered bills during the 1973–74 Session, it began to provide interpretations of which types of state actions constituted state-mandated programs whose costs were to be reimbursed by the State. It did this by including policy statements in certain legislation indicating that such legislation did not qualify for reimbursement of its costs because it was outside the scope of the "SB 90 Law". In addition, the Legislature also occasionally included language in bills stating that while a bill's costs were technically reimbursable, the bill would be exempted from the reimbursement requirements of SB 90.

In the years since 1972, a number of modifications to the original SB 90 have been enacted. These modifications have generally served to broaden the scope of activities which qualify for state reimbursement and to simplify the processes for obtaining that reimbursement. For example, school districts have been made eligible for reimbursement of costs incurred as the result of the issuance of executive regulations after January 1, 1978. The State Board of Control has been empowered to accept and arbitrate claims from local governments based on either legislation or executive regulations which are alleged to have inappropriately failed to provide reimbursement of state-mandated costs.

At the November 6, 1979 general election, the voters approved Proposition 4 (the "Gann Initiative") which included, among other things, the following language:

- "Sec. 6. Whenever the Legislature or any State agency mandates a new program or higher level of service on any local government, the State shall provide a subvention of funds to reimburse such local government for the costs of such program or increased level of service, except that the Legislature may, but need not, provide such subvention of funds for the following mandates:
- (a) Legislative mandates requested by the local agency affected:
- (b) Legislation defining a new crime or changing an existing definition of a crime; or
- (c) Legislative mandates enacted prior to January 1, 1975, or executive orders or regulations initially implementing Legislation enacted prior to January 1, 1975."

The effect of this constitutional amendment is to elevate this program of reimbursing statemandated costs to a constitutional, rather than statutory requirement. It should be noted, however, that the Initiative is silent on the issue of reimbursing property, sales and use tax losses which result from state legislation.

Operations

Since the institution of the reimbursement program in 1973 many bills have been enacted which have provided funds for local governmental entities for costs incurred because of state mandates. For these programs, the State Controller develops and disseminates instructions for payment of claims against the specific statutes. In the event that there are insufficient funds to pay all of the claims, additional funds are requested from the Legislature through an omnibus claims bill. The Department of Finance makes available to the Controller copies of the mandate cost estimates prepared by the Local Mandate Unit to insure that his office will have the benefit of as much information as possible relating to mandate policy and cost as considered by the Legislature.

After the passage of original SB 90 legislation, the Legislature developed a series of disclaimers

to limit the State's liability for costs incurred by local governmental entities in complying with mandates. The disclaimers, as originally utilized, were to declare legislative intent that for a specified reason the State was not electing to reimburse a particular legislative enactment or program. These specified reasons, or disclaimers, became formalized as follows:

- 1. Court mandate
- 2. Federal mandate
- 3. Voter-approved mandate
- 4. Local requests
- 5. No new duties
- 6. Subsequent executive orders
- 7. Nonreimbursable revenue loss
- 8. Technical change
- 9. General legislative
- 10. No additional cost
- 11. Crimes and infractions
- 12. Cost-savings
- 13. Normal operating procedures
- 14. Self-financing authority
- 15. Minor cost
- 16. No first-year cost

However, the enactment of Chapter 1135, Statutes of 1977, significantly reduced the effectiveness of these disclaimers since now the Board of Control can accept virtually all claims regardless of whether there is a legislatively approved disclaimer. This law change has the net effect of denying the Legislature an opportunity to evaluate the fiscal and/or mandate aspects of a bill and make a determination of whether the State or local government should most appropriately pay for a particular piece of legislation.

Once the Board of Control has determined that a chaptered bill or executive regulation contains a state mandate, it is required by law to adopt "parameters and guidelines" to enable both the Controller and the claimants to utilize common criteria for evaluating cost elements in the claims/payment process. Comments are solicited from the claimants, Department of Finance, other interested or affected entities and the Board staff.

Problems and Issues

From the standpoint of local government, there is a continuing concern about the Board of Control and legislative action on mandated costs claimed through the Board of Control process. That is, a statute may impose a requirement on

local government without the fiscal resources (appropriation) to reimburse them for the costs of implementing the requirement. Without those resources local government must utilize the claims process and hope that the Board of Control will declare that the statute mandates a duty and agrees, further, that costs have been incurred and are reimbursable by the State. The second hurdle in this process arises when the Board of Control sponsored claims bill is considered by the Legislature. There is no guarantee the claims will be approved.

Another concern of local government is the time elapsed between the point when costs are incurred and a warrant is received from the State. This time-frame may be as long as one and one-half years from the date of implementation to the receipt of the reimbursement.

Further, local government is also interested in the degree of detail and personnel time involved in the claims preparation, presentation and follow-up activities in the Board of Control process.

The State generally agrees with the problems identified by local government and, in addition, has recognized the problem of legislation which, during its passage through the Legislature, is alleged to contain no mandate, to have no cost, to have offsetting cost/savings or otherwise to have no fiscal impact on local government, yet later the Board of Control determines the legislation contains a mandate and, perhaps, costs as well. The recent enactment of Chapter 1337, Statutes of 1980 (SB 1695, Holmdahl) has relieved some of the other problems which have been cited in previous Governor's Budgets. Specifically, a procedure has been established for the "sunsetting" or periodic review of statemandated local programs. In addition, state agencies are now authorized to bring "savings" claims to the Board of Control alleging that state legislation or regulations have resulted in savings to local government. If such claims are approved by the Board and the Legislature, then a portion of the savings is deducted from the mandate reimbursement to which the affected local entities are entitled.

Program Growth

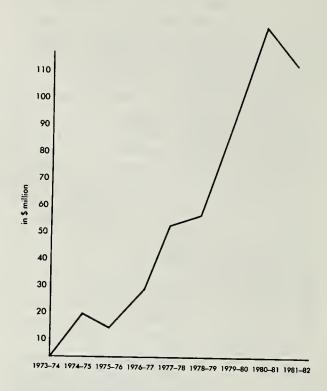
As depicted in the following chart, state expenditures have grown from \$2.9 million in 1973 -74 to \$107.4 million in 1981-82.

The rate of increase in this program will be governed by future legislation and by the way in which the Legislature views the relationship between state and local government with respect to that legislation. One of the objectives of this presentation is to afford the Legislature an opportunity to be fully aware of the cumulative effect of mandate legislation on the fiscal resources of the State and Local Government. Further, this display will serve to point out the need for remedial legislation to correct some of these problems.

State-Mandated Local Programs—1981–82 Governor's Budget

The State-Mandated Local Programs budget was presented separately for the first time in the 1979–80 Governor's Budget as a means of identifying, on a cumulative basis, those mandated programs for which state funding is provided. The budget is presented in two elements: first, those mandated programs which are reflected within the budgets of state agencies with administrative responsibility for the affected programs; and, second, those mandated programs which do not fall within the jurisdiction of any state agency or which involve unique funding issues and/or problem areas.

State-Mandated Local Programs Expenditures



State Construction Programs

Capital outlay construction is divided into several programs of which the most encompassing is the State Building Program. This program includes proposed capital outlay requirements for publicly supported higher education, mental health, developmental services, corrections, and general office space. It also provides for meeting the requirements of several Departments, including Forestry, Fish and Game, Motor Vehicles, California Highway Patrol, State Highway Program, and the Department of General Services.

The sources from which the capital outlay program is funded are:

- 1. Current revenues and any accumulated balances in governmental cost funds including moneys collected in the form of taxes, license and permit fees, interest on investment, and similar items of income.
- 2. Proceeds from the sale of general obligation bonds secured by the "full faith and credit" of the State. Outstanding bonds of this kind include (a) State Construction Program bonds, and (b) State Beach, Park, Recreational, and Historical Facilities bonds. The repayment of principal and interest on such indebtedness constitutes a preferred claim on the financial resources of the State. Within this classification falls a special category referred to as "self-liquidating" bonds. Bonds in this category are the California Water Resources Development bonds. In the case of this special grouping, such bonds although legally possessed by the characteristics of general obligation bonds are serviced from the revenues produced by the ventures or projects financed in this manner.
- 3. Revenue bonds that are secured solely by the income derived from the use and operation of the facilities thus funded.
- 4. Trust certificates representing a form of capital financing which makes use of the large balances accumulated in trust accounts or funds of the State. Because such

funds are dedicated to meet future obligations, sound fiscal management dictates the investment of the currently unneeded cash in these accounts and funds. One way of investing these moneys is to purchase trust certificates issued by the State for the construction of general purpose office buildings.

- 5. The Public Resources Code, as amended by Chapter 899, Statutes of 1980, provides for the allocation of revenues received by the State from the sale of oil produced from tidelands which are principally located adjacent to the City of Long Beach. Commencing in 1980–81, all capital outlay normally funded from the General Fund will be funded from the Special Account for Capital Outlay which receives its income from tidelands oil revenue. For the distribution of revenues received from the sale of tidelands oil, see the Tidelands Oil Income portion of the A Pages commencing on page A-1.
- 6. Funding for all higher education capital outlay is from four sources: (1) the Capital Outlay Fund for Public Higher Education; (2) proceeds from the sale of Health Science Facilities Construction Program Bonds; (3) the Energy and Resources Fund; and (4) the Community College Construction Program Bond Act of 1972. For the distribution of these funds, see Higher Education Capital Outlay portion of the A pages, Table IV. All expenditures from these funds will be appropriated through the annual Budget Bill.

To provide a complete and comprehensive picture of the State's capital outlay program, all proposed projects are included in the capital outlay budget regardless of the source of financing.

Following the generally accepted principles of governmental accounting, however, only expenditures from governmental cost funds are included in the budget totals. Governmental cost fund along with selected bond fund expenditures are included in the overall expenditure totals. Expenditures from bond proceeds and other forms of borrowing are reported as expenditures of the fiscal years in which the payments on principal and interest are made.

The Department of Fish and Game's capital outlay budget includes \$10,226,750 which is principally for modernization and expansion of fish hatcheries and the restoration and development of wetlands.

The Department of Parks and Recreation's Acquisition and Development Program reflects the continuing effort to meet California's recreational needs. The 1981–82 budget for this program includes \$16.1 million for acquisition of new lands for the State Park System. These projects will be funded from the State Park and Recreation Fund, State Park Contingent Fund, and the Off-Highway Vehicle Fund.

The 1981–82 budget for facilities development includes \$12.5 million in major and minor capital outlay projects. These funds will create or improve the facilities in 12 park units.

The Department of General Services 1980-81 Capital Outlay Program proposes total expenditures of over \$67.2 million, which includes approximately \$58.1 million in construction funds for the new State office buildings in Oakland and San Francisco. In addition, \$6 million is proposed for partial land acquisition costs and preliminary planning to provide appropriate office space for the Franchise Tax Board.

Given the current fiscal restraints and the limited resources available for funding capital outlay projects, the Administration is reviewing the alternative of proceeding with additional projects originally proposed in the State Building Program utilizing lease-purchase financing.

This budget also proposes \$1,150,000 to exercise the purchase options on the Department of Water Resources buildings located in Fresno and Red Bluff. An additional \$1.2 million has been proposed to allow for the modification of existing elevators in various state owned office buildings to meet the earthquake safety requirements of the California Administrative Code. In addition, \$350,000 is proposed to modernize the elevators in the Library and Courts Building in Sacramento to meet Safety Code requirements, and \$326,000 is proposed to survey existing state-owned office buildings for accessibility by the physically handicapped.

The Department of Motor Vehicles proposed capital outlay budget includes: \$3.5 million for the construction of new office buildings at Mission Viejo/East Irvine and Southeast San Jose; \$500,000 for the construction of a building addition in Santa Barbara; and \$358,000 for site acquisition and working drawings for an office building in Los Angeles (Hope Street).

The Department of the California Highway Patrol Capital Outlay budget includes \$438,314 for minor capital outlay improvements; \$100,000 for program planning for North Sacramento and Oakland area facilities; \$797,100 for site acquisition and working drawings at Lakeport and Santa Rosa; and \$445,000 to purchase the facility currently being leased in Monterey.

The Department of Corrections is experiencing continued population growth. In order to adequately and safely house this increased population, the Department's Capital Outlay Program for Fiscal Year 1981–82 includes \$27.7 million for the next phase of planning, construction, and equipping of new facilities. The Department's 1981–82 construction program also contains \$4.9 million for the expansion and rehabilitation of existing facilities including security renovation projects at San Quentin and Folsom State Prisons, and \$4.0 million for the correction of fire and life safety deficiencies.

In addition, the Board of Corrections has proposed a new program for the improving of county jails. Chapter 1351, Statutes of 1980 (AB 3245), established the County Jail Capital Expenditure Fund with \$40,000,000 to provide assistance to county jails. The Governor reduced this appropriation to \$100,000 (for planning) with a message that operational funding would be included in the 1981-82 budget. Chapter 1351 requires the Board to conduct needs assessment surveys for local corrections/detention facilities. These surveys include review of facilities, incarceration practices, jail population projections, and assistance in development of architect design/programming. The surveys will provide local government with reliable data for purposes of making decisions on remodeling or construction of local correctional facilities.

This budget proposes \$40 million from the General Fund for implementation of AB 3245. Details for the expenditures will be developed by the Board of Corrections while the county surveys are being completed.

The Museum of Science and Industry's capital outlay budget proposes \$1,073,500 for preliminary plans and working drawings for a new Aerospace Science building, preliminary plans and working drawings for a new Afro-American History and Culture building, and other major and minor capital outlay projects relating to existing buildings and the new Hall of Economics and Finance.

The Department of Developmental Services' capital outlay program of \$99,949,271 for the current year and \$32,511,252 in the budget year proposes \$82,275,304 and \$24,105,002 respectively for fire and life safety and environmental improvements in the nine State hospitals. These amounts represent the 1980–81 and 1981–82 increments necessary to assure all clients in State hospitals operated by the Department of Developmental Services reside in code conforming buildings by July 1982. Federal certification has been granted based upon the Department's commitment to meet the deadline for the projected July 1982 population of 8,070 clients.

The Department of Developmental Services plans the implementation of several energy and resources projects in 1981–82 including cogeneration and conservation/comfort conditioning systems projects. \$3,871,575 is proposed to

achieve the Administration's commitment in this area (also see details in the Energy Segment of A pages.

The Department of Mental Health's 1981–82 capital outlay program includes \$5,626,050 for fire and life safety and environmental improvements at Metropolitan State Hospital. This hospital, administered by the Department of Mental Health, is one of the State facilities serving the mentally disabled population.

The Department of the Youth Authority's Capital Outlay Program of \$2,561,606 for the 1981–82 fiscal year covers a number of priority projects, including \$658,000 for the replacement of the security sound system at various Youth Authority institutions, and \$500,000 for special education classrooms and offices.

The Department of Veteran's Affairs' capital outlay program for 1981-82 proposes \$1,-555,775 for the Veteran's Home. This amount includes \$1,130,555 for four major projects necessary to meet licensing and accreditation requirements and \$425,220 for minor projects necessary to correct mandated health and life safety deficiencies and to insure the operation of existing programs. Sixty-five percent of the major project expenditures will be federally reimbursed.

TAX EXPENDITURES

A subsidy can take many forms; for example, renter credits. Subsidies can also take the form of a tax expenditure which is a subsidy provided through the tax system. These include:

- exclusions from income, exemptions and deductions which reduce taxable income and thus result in a lower amount of tax (for example, tax exempt bonds or the deduction of certain taxes);
- 2. preferential rates of tax which reduce taxes by applying a lower rate to certain occurrences (for example, the one-half of 1 percent gross premiums tax on annuities);
- 3. credits against tax, which are subtracted in full from actual taxes due (for example, the personal exemption credit); and
- 4. deferrals of tax, which put off the payment of tax to a subsequent year (for example, accelerated depreciation).

The tax expenditure budget is essentially an enumeration of the tax "subsidies" provided in our tax system. Identifiable tax expenditures total \$7.9 billion—approximately 37 percent of the State Budget. This compares with 31 percent just two years ago.

Chapter 575, Statutes of 1976, requires the Department of Finance to prepare a tax expenditure report to be included in the Governor's Budget for each fiscal year beginning in an odd-numbered year.

Only one bill has been introduced as a result of past Tax Expenditure Reports and that bill was not heard in committee. However, the tax expenditure report is used. For example, in evaluating the deductions, etc. of the Personal Income Tax Law, we can determine that these provisions are, in effect, expenditure programs. We can then ask the usual questions asked of expenditure programs. Are these programs cost effective? Do they divert State resources into desirable program areas? How much should be spent on those programs? Furthermore, we can ask if these programs are working well and if the stated objectives are being accomplished. Inquiries can also be made as to who the beneficiaries of these programs are, and whether the beneficiaries are receiving too little or too much assistance. These are the standard questions asked in any budget analysis of existing programs. It is appropriate that they be asked of tax expenditure programs as well.

The fact that we are dealing with an expenditure program enacted through the tax lawsand with only a majority vote required—lends an additional dimension to these basic questions. Each program is carried out through a special tax provision, and the benefits that each program grants are determined by the tax liability of the persons benefited. Since a major portion of tax expenditures are contained in the Personal Income Tax Law, the greater the income the greater the benefit. Furthermore, because the beneficiaries are subject to a tax they are, of necessity, taxpayers rather than nontaxpayers. Individuals with income below minimum tax levels and businesses that are incurring losses do not receive any assistance from these programs.

Furthermore, once a tax expenditure is enacted it generally stays enacted. Rarely is a tax reduction measure repealed.

Sunsetting

In the last few years the practice of sunsetting—that is, providing a termination date to a particular tax exemption—has come into fashion.

Usually, a sunsetted bill requires a report to be prepared by the Legislative Analyst's Office prior to its termination date in order to determine if the program goals have been achieved before the program is continued. This is a laudable approach to determine if new tax expenditure programs are achieving their objectives. In practice, however, these sunset provisions have been successful only in putting new tax exemptions in the code. Once a program is in existence the proponents are usually influential in having it continued.

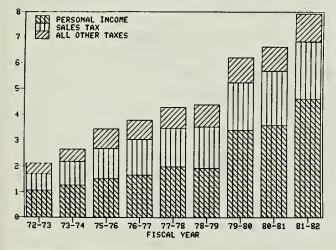
It is recommended that the Legislature adopt a rule to require that every tax expenditure enacted must contain a three-year sunset provision. Furthermore, it is proposed that no such program be reenacted unless the Legislature has studied the item during the interim.

Growth in Tax Expenditures

Less than 10 years ago the California Legislature, by enactment of Chapter 1762 in 1971, recognized the tax expenditure concept. The first tax expenditure report prepared by the Department of Finance indicated that identifiable tax expenditures for 1972–73 amounted to \$2.1 billion. That figure has grown by over 250 percent to an estimated \$7.9 billion as of 1981–82.

Tax expenditures in the income tax law, which totaled just over \$1 billion in 1972–73, are now estimated at \$4.6 billion for 1981–82. State sales tax expenditures were almost \$650 million in 1972–73. In the budget year they will be \$2.3 billion. Inheritance and gift tax expenditures in 1972–73 were one-quarter of a billion dollars; next year, they will come to more than three-quarters of a billion dollars. The following chart illustrates the growth in tax expenditures by major category from 1972–73 through 1981–82.

TREND IN TAX EXPENDITURES (IN BILLIONS OF DOLLARS)



1980 Legislation

Numerous tax expenditure bills were enacted in 1980. These affected the personal income, bank and corporation, inheritance and gift, horseracing and sales taxes. All together, tax expenditure bills enacted in 1980 will reduce General Fund revenue during this budget period, 1980-81 and 1981-82, by almost \$300 million.

The largest tax expenditure occurs in the inheritance and gift taxes which will be reduced by \$129 million as a result of enactment of AB 2092. Surviving spouses will no longer be subject to inheritance or gift taxes. In addition, the specific exemptions for other heirs or donees have been increased substantially.

Personal income tax revenue will be reduced by almost \$100 million during this period, primarily as a result of providing income tax credits for solar energy devices and other energy conservation measures.

Bank and corporation tax revenues will be reduced by over \$30 million as a result of allowing California corporations to deduct their losses in the same manner as allowed non-California corporations that file on a unitary basis. Furthermore, the energy conservation credits permitted in the Income Tax Law are also applicable to businesses.

Sales tax expenditures enacted last year included exempting gasohol, bottled water and factory built housing.

Major Tax Expenditures

Identifiable tax expenditures are estimated at \$7.9 billion for 1981-82. The estimates for the personal income tax are made for each tax expenditure at the highest or marginal tax rate and no allowance is made for their interaction. Although it may not be appropriate to add individual tax expenditures, because of the interactive effects, such an accumulation does give a reasonable measure of the total. It must not be forgotten, however, that the tax expenditures listed below are only those that can be identified. For example, there are about 500 exemptions in the sales and use tax law. The table below covers perhaps 70 sales tax exemptions. It is reasonable to assume that because of the inability to cost many items in the sales tax and other taxes, the total tax expenditure budget far exceeds \$7.9 billion.

A summary of identifiable tax expenditures by major tax is shown below.

IDENTIFIABLE TAX EXPENDITURES 1981–82

1001 02		(iii iiiiiioiio)	
	(In billions)	Interest expense	\$1,223
		Personal and dependent credit	575
Personal income taxes	. \$4.6	Capital gains exclusion	500
Retail sales and use taxes	. 2.3	Property, sales, and vehicle taxes	391
Inheritance and gift tax	. 0.7	Charitable contributions	251
Bank and corporation tax	. 0.2	Head of household status	183
Motor vchicle fuel taxes		Employer contributions to pension plans	155
Insurance tax		Income averaging	149
Horse racing		Standard deduction	147
		Employee business expense	146
Total State tax expenditures	. \$7.9	Employer contributions to health plans	137
		Union dues and miscellaneous	125
^a Less than \$50 million.		Medical expenses	107
		Social Security Income	65
Sales and Use Tax			60
(In millions)		Capital gains on death	
		Interest on government bonds	55
Sales tax expenditures:		Energy conservation measures	50
Food consumed at home	. \$1,020	Expensing of certain agricultural costs	42
Candy	. 55	Individual retirement accounts & self employed retirement	
Vending machines—33% provision	. 14	accounts	41
Gas, electricity, and water	. 700	Casualty losses	39
Vessels and aircraft	. 235	Compensation for injuries or sickness	34
Cargo and returnable containers	. 125	Exclusion of \$100,000 of gain from sale of home	28
Prescription medicines	. 75	Accelerated depreciation	18
Newspapers and periodicals		Professional corporations	15
Leases of motion pictures		Taxes paid to another state	12
Option to pay on cost rather than rental receipts		Meals and lodging furnished by employer	12
Sales by charitable organizations		Moving expense	10
Master tapes		Scholarships and fellowships	6
Vending machine operators	_	Exploration and development costs	5
Optometrists and podiatrists		Percentage depletion	4
Hot food sold to airlines		Timber valuation for capital gains	4
	•	Military pay exclusion	4
D		Political contributions	2
Bank and Corporation Tax		Low income credit	2
(In millions)			
Exploration and development expenses		Other Taxes	
Accelerated depreciation		(In millions)	
Research and experimental expenses		**	
Energy conservation measures		Horseracing tax	63
Exempt corporations (from minimum tax only)	. 15	Preferential rates	\$3
Charitable contributions		Preferential breakage treatment	2
Depreciation of low-income rental housing	. 7		
Exemption from preference tax		Inheritance Tax	
Percentage depletion		Preferential rates: Class A and B beneficiaries	\$563
Bad debt reserves		Specific exemptions	158
Certain agriculture costs		Charitable contributions	111
Pollution equipment		Life insurance exclusion	9
		Insurance tax	
		Nonprofit hospital service plans	\$31
		Pensions and profit-sharing	11
		Fraternal benefit societies	i
		Motor Vehicle fuel taxes	
		Aircraft uses primarily commercial	\$45

Personal Income Tax

(In millions)

\$45 35

Revenue Estimates

THE ECONOMIC OUTLOOK

Economic forecasting is a precarious occupation at the present time there are numerous uncertainties which help cloud the outlook.

Federal reserve monetary policy appears to be

moving toward a restrictive path.

Consumer demand has been relatively slow for the past several months indicating a tremendous potential when the recovery finally gets underway.

Interest rates increased during the last two

months to excessively high levels.

The housing sector, which should have been sharply impacted by interest rates and the availability of funds, appears to be holding its own.

The 1980 recession was the shortest on

record.

These are only some of the issues which make forecasting the economic outlook particularly difficult.

Background Developments

Much of the uncertainty surrounding forecasting at the present time actually dates from the early months of 1980. Rising interest rates following the October 1979 Federal Reserve actions were supposed to curtail consumer and business demand during the first half of 1980 and lead the economy gradually into a period of slower growth. Such a development, it was thought, would lead to moderation in the inflation rate. In 1974 a 12 percent prime rate was effective in curtailing consumption and investment demands. During 1980, in contrast, a 12 percent interest rate was a bargain given that inflation was running at 16 to 20 percent. A mortgage rate of 9 percent in 1974 effectively dried up the demand for housing. In 1980, potential borrowers flooded the loan windows when rates came down to 12 to 13 percent. In fact, many savings and loan associations raised mortgage rates to more than 16 percent solely to discourage would-be homebuyers.

In retrospect it appears that the Nation was on a gradual downward path during the first months of 1980. The credit restrictions which were instituted in March, however, accelerated that path and led to one of the sharpest declines in economic activity ever recorded. Real output plunged at a 9.9 percent rate during the second quarter as consumers and business reduced spending sharply, repaid outstanding debts and refused to commit themselves to new debt.

It has been noted that the Federal Reserve was dismayed by the sharp reaction to its credit moves. The desired policy of gradualism had been effectively eliminated. The one good result of the decline, however, was that consumer credit levels, which had been considered too high relative to income, did decline significantly.

In the third quarter of last year interest rates fell precipitiously. The prime rate and mortgage rates reached lows of about 11 percent late in July. The consumer returned with an improved debt position and a renewed confidence that the worst was over. Economic gains accelerated during the final quarter with employment and income staging a strong, and more or less typical, post-recession recovery.

These developments do not necessarily indicate, however, that the Nation is on a steady course of expansion. The money supply grew at an excessive pace from the end of July to the middle of November. The Fed altered its course to correct this situation. Increases in the discount rate were announced on November 17 and December 5. A three percent surcharge was applied to banks which were frequent borrowers from the Fed. The effect of these moves was to boost interest rates sharply. By the middle of December the prime rate had set an all-time high of $21\frac{1}{2}$ percent.

National Forecast

The trend of interest rates from this point on will be a major factor in where the economy heads over the next few quarters. The Budget forecast, prepared mid-November, did not anticipate that the prime would rise as fast or as high as happened. It did incorporate a relatively slow decline starting early in 1981, which would lead to a gradual recovery path.

The fact that rates have gone to excessive levels suggests that a more rapid drop will take place, with the prime settling at the 14½ to 15½ percent level by the end of the first quarter. This would be consistent with the forecast.

The negative impact of current rates, however, may well carry over into the first few months of 1981, resulting in a somewhat lower level of economic activity for the next six months.

A second uncertainty arises from the variety of actions—such as drastic budget cuts to reduce the Federal deficit—which President-elect Reagan could take to curb inflation.

The future course of events is therefore extremely uncertain.

Preliminary reports on early December sales indicate that the consumer has already turned more cautious. Retail outlets posted only lack-luster business. Auto sales have been slumping during the time when new models are traditionally in high demand. The housing market has begun to feel the impact of higher interest rates as previous loan commitments are exhausted.

The question at hand is therefore whether the Nation is about to enter a second recessionary phase—the double dip recession pattern.

The second quarter of 1979 was a down quarter due almost entirely to the oil shock associated with sharply higher OPEC prices and supply constraints. The second quarter of 1980 was a negative quarter magnified by stringent credit controls. Another negative quarter in the first three months of 1981 would continue the seesaw trend.

Even if an outright dip is avoided this year, economic growth will be moderate at best. There is little possibility that the Nation will see the traditional type of recovery pattern which has occurred in the past with sharp gains in output approximately six to nine months after the trough of a recession. Such a development can not come about given recent interest rate levels and apparently serious upcoming efforts to control inflation.

In brief, national policies now being formulated will determine the economic situation. The more forceful those policies, the softer the short-term outlook. But longer range prospects will improve considerably.

A further complicating situation is the release of a major data revision on the U.S. economy at the end of December. This effectively altered perceptions of what had gone on during the past year. The recession, for instance, was slightly more severe than previously thought; the recovery during the third quarter was stronger. Presumably the fourth quarter will be higher than anticipated two months ago. This major benchmark adjustment, which was taken back to 1929 for some sectors, has necessitated an in-depth evaluation of all forecasting procedures and techniques in order to adapt to the latest information.

Comments on the national outlook should be taken only as a rough guide to the quarterly pattern from here on out. The forecast prepared for the Governor's Budget (summarized in Table 1) assumed that there would be little change in real growth during the first quarter of 1981 and that only moderate gains would take place after that. Employment should increase but the unemployment rate will also edge up—typical in the first post-recession year.

Consumers will be making only minor gains in real income in the coming year. When income per capita is deflated by the personal consumption deflator (a measure which takes actual spending patterns into account) it appears that a gain of 1 percent was recorded during 1980. It is likely that gains in 1981 will remain at this level and that more rapid growth (2 to 3 percent) will not be achieved until 1982. The consumer will therefore not be a strong source of support for the economy for some time.

There is a high level of pent-up demand for housing, but that demand will not be translated into home purchases as long as interest rates remain high and housing prices continue to accelerate as they have. Auto sales will not be helped by the fact that the average new car is now priced at approximately \$10,000.

An increase in real defense spending was anticipated in line with President-elect Reagan's campaign statements. It was assumed that non-defense spending would be selectively cut back in the effort to reduce the size of the Federal budget deficit gradually.

An \$18 billion tax cut for business—through accelerated depreciation—was incorporated in the forecast effective January 1, 1981. A comparable cut for consumers was also built in effective July 1 of this year. The latter cut is in reality unnecessary considering the rate of inflation and the desire to curtail consumption and stimulate

savings and investment. Some kind of longer term tax reform is highly desirable, however, and may be achieved over the next two or three years. No assumption on such major reform was incorporated in the forecast.

Inflation is the one area for which there is a fair degree of certainty. Given current policies there is little chance that the inflation rate for 1981, as measured by the consumer price index (CPI), will fall below the double digit level for 1981 as a whole. Food prices, for instance, are expected to increase about 12 percent; gasoline

prices will be up by another 16 percent reflecting recent increases in crude oil prices. Mortgage rates are currently driving up the CPI. When they begin to decline in the Spring they will hold down increases in the index temporarily. In terms of the broadest measure of inflation in the economy, the gross national product deflator, gains will be roughly $9\frac{1}{2}$ percent. Inflation will therefore remain a persistent problem—unless the new Administration adopts stringent policies with which it is prepared to live for some time.

TABLE 1
STANDARD BUDGET FORECAST, SELECTED DATA 1979–82

			198	1981		1982	
	<i>1979</i>	1980		Percent		Percent	
United States	(Actual)	(Estimated)	Amount	Change	Amount	Change	
(Dollar amounts in billions) Real gross national product (1972 dollars)	\$1,431.6	\$1,421.1	\$1,439.5	1.3	\$1,499.4	4.2	
Personal consumption expenditures	924.5	924.9	948.3	2.5	983.8	3.7	
Gross private domestic investment	215.2	188.1	195.8	4.1	217.8	11.2	
Net exports	17.6	28.0	15.5	-	14.0	-	
Government purchases of goods and services	274.3	280.1	279.9	-0.1	283.8	1.4	
Gross national product (current dollars)	\$2,368.8	\$2,571.4	\$2,851.7	10.9	\$3,196.1	12.1	
GNP deflator (1972=100)	165.5	180.9	198.1	9.4	213.2	7.6	
Personal income	\$1,924.2	\$2,122.1	\$2,343.2	10.4	\$2,610.3	11.4	
Corporate profits, pre-tax	\$236.6	\$230.2	\$255.7	11.1	\$283.6	10.9	
Wage and salary employment (thousands)	89,888	90,581	91,471	1.0	93,885	2.6	
Housing starts (thousands)	1,721.9	1,277.4	1,365.2	6.9	1,622.7	18.9	
New car sales (millions)	10.7	9.0	9.7	7.4	10.5	8.4	
Consumer price index (1967=100)	217.4	246.9	272.9	10.5	297.8	9.1	
California Data							
Wage and salary employment (thousands)	9,679.4	9,844	10,085	2.4	10,456	3.7	
Mining	39.5	42	43	0.8	44	1.8	
Construction	463.8	432	430	-0.3	445	3.4	
Manufacturing	2,004.4	2,006	2,039	1.6	2,097	2.9	
Transportation-utilities	535.6	544	561	3.1	571	1.8	
Trade	2,232.4	2,277	2,347	3.1	2,456	4.6	
Finance-insurance-real estate	595.3	622	635	2.1	658	3.6	
Services	2,079.5	2,158	2,261	4.8	2,407	6.4	
Government	1,728.9	1,762	1,768	0.3	1,778	0.6	
Civilian labor force (thousands)	10,968.9	11,195	11,675	4.3	12,115	3.8	
Employment	10,285.6	10,432	10,897	4.5	11,378	4.4	
Unemployment	683.3	763	778	2.0	736	-5.4	
Rate	6.2	6.8	6.7	-	6.1	_	
Personal income (millions of dollars)	\$228,017	\$256,574	\$287,205	11.9	\$321,800	12.0	
Wages and salaries	144,541	160,303	178,036	11.1	199,174	11.9	
Corporate profits pre-tax (millions of dollars)	\$25,300	\$26,600	\$29,700	11.7	\$33,100	11.4	
New auto sales (thousands)	1,127.1	950	975	2.6	1,060	8.7	
Housing units authorized (thousands)	208.2	140	175	25.0	215	22.9	
Consumer price index (1967=100)	215.9	249.9	278.4	11.4	304.5	9.4	

NOTE: Percentage changes calculated on unrounded data.

California Forecast

There is a higher degree of confidence in the outlook for California. In general, California slightly outperformed the U.S. during 1980. Employment and income gains were higher, and the unemployment rate remained below the U.S. average for most of the year. This is the first prolonged period in the last three decades that the jobless rate for the State has remained lower than the national level.

California traditionally does better than the rest of the country during a recession. The State has less primary or heavy industry which is traditionally impacted sharply by economic downturns. Employment here is more heavily oriented to services, trade, and government, all of which are less affected by a slump.

Two situations in particular somewhat distorted the data for California for the past year. The mid-year labor dispute in the construction industry was unusually large, involving approximately 50,000 workers for two-and-a-half months. Unsettled conditions in the entertainment industry from the end of July to the middle of October resulted in a sharp curtailment in service employment. Had these two developments not occurred, California employment would have looked still better.

During the next two years California is expected to outperform the Nation again. Employment should be up approximately 2½ percent in 1981 with relatively strong gains in construction, manufacturing and services. Personal income is likely to grow by about 12 percent.

TABLE 2
ALTERNATIVE BUDGET FORECASTS, SELECTED DATA, 1980–82

		198	31	198	2
	1980		Percent		Percent
LOW ALTERNATIVE	(Estimated)	Amount	Change	Amount	Change
United States					
Real gross national product (billions of 1972 dollars)	1,421.0	1,417.4	-0.2	1,478.7	4.3
Corporate profits, pre-tax (billion \$)	230.3	237.9	3.3	278.4	17.0
Personal income (billion \$)	2,121.9	2,324.6	9.6	2,594.6	11.6
Housing starts (thousands)	1,276.5	1,080.6	-15.4	1,543.9	42.9
New car sales (millions)	9.0	9.1	0.7	10.2	12.8
Consumer price index (1967=100)	246.9	273.6	10.8	299.4	9.4
California					
Wage and salary employment (thousands)	9,844	9,957	1.1	10,319	3.6
Unemployment rate (percent)	6.8	7.4	-	7.1	-
Personal income (million \$)	256,562	283,902	10.7	319,038	12.4
Wages and salaries	160,295	175,323	9.4	196,797	12.2
Housing units authorized (thousands)	140	140	n.c.	185	32.1
Consumer price index (1967=100)	249.9	279.9	12.0	307.9	10.0
HIGH ALTERNATIVE					
United States					
Real gross national product (billions of 1972 dollars)	1,421.1	1,450.1	2.0	1,525.9	5.2
Corporate profits, pre-tax (billion \$)	230.2	261.3	13.5	303.1	16.0
Personal income (billion \$)	2,122.1	2,349.9	10.7	2,633.9	12.1
Housing starts (thousands)	1,277.4	1,488.3	16.5	1,973.3	32.6
New car sales (millions)	9.0	10.2	13.0	11.1	8.8
Consumer price index (1967=100)	246.9	272.4	10.3	296.3	8.8
California					
Wage and salary employment (thousands)	9,844	10,134	2.9	10,598	4.6
Unemployment rate (percent)	6.8	6.5	_	5.9	_
Personal income (million \$)	256,574	288,105	12.3	324,840	12.8
Wages and salaries	160,303	178,882	11.6	202,060	13.0
Housing units authorized (thousands)	140	190	35.7	240	26.3
Consumer price index (1967=100)	249.9	277.1	10.9	302.0	9.0

Housing continues to be a major negative aspect of the outlook. Most of California has severe shortages at the present time. A strong backlog of demand exists for both owner-occupied and rental units. Interest rates will deter many potential homebuyers and builders. Down payments are a hinderance to many individuals, particularly first time buyers. Creative financing plans—such as adjustable or variable rate mortgages offered by some financial institutions may help.

Alternative Forecasts

Although the standard forecast detailed in Table 1 is our best educated guess as to what is most likely to occur, it is highly likely that our best forecast will be off the mark. Unfortunately, economic forecasting is not the precise science that we would like it to be. Presented below are two other perfectly reasonable economic scenarios which could result in lower or higher revenues.

The lower alternative assumed that interest rates would go higher, and stay high longer, than expected in the standard forecast. In this view it was thought that the Nation would experience a decline in economic activity during the first quarter of 1981, flattening in the second quarter and a very gradual recovery after that. Housing starts and auto sales are held to recession levels. Income increases at a very slow rate. The unemployment rate rises to approximately 8½ percent and employment gains are minimal.

With respect to California, employment would be up only 1½ percent and income by approximately 10½ percent, or \$3 billion less than in the standard forecast.

The higher alternative was moderately above the standard, with real GNP up 1.8 percent for the year. Housing starts, auto sales, investment, and consumer demand all increase at fairly good rates. Even under this outlook, though, it was assumed that high levels of interest rates and inflationary pressures would preclude the normal recovery path from developing.

In this outlook California did substantially better than the U.S. with an employment gain of approximately 3 percent, unemployment falling to a 6½ percent rate for 1981 as a whole and income up by nearly 12½ percent.

REVENUE ESTIMATES

Revenue estimates for 1981–82 reflect an improvement in economic activity from the decline that occurred during 1980–81. Total revenue during 1981–82 is forecast at \$24,167,360,852, approximately \$2,239 million above the \$21,928,823,846 anticipated during the current year and \$3,525 million above actual 1979–80 receipts.

General Fund revenue is expected to total \$20,762,936,677 during the Budget year, \$2,024 million (10.8 percent) higher than current year receipts and up \$3,125 million (17.7 percent) from 1979–80. Increases in personal, corporate and sales taxes account for most of these gains.

Special Fund revenue for 1981–82 is estimated at \$3,393,111,255 or 6.7 percent above the current year and 14.1 percent above 1979–80 actual receipts.

Revenue for the General Fund and Special funds for the past, current and budget years are shown below.

TABLE 3
STATE REVENUE COLLECTIONS
(IN MILLIONS)

				Percent
	Actual	Estimated	Estimated	of total
Taxes, fees, etc.	1979–80	1980–81	1981–82	1981–82
General Fund				
Sales and use	\$6,521.5	\$7,011.2	\$8,000.7	33.1
Personal income	6,506.0	6,650.0	7,435.0	30.8
Bank and corpo-				
ration	2,466.5	2,676.0	3,035.2	12.6
Inheritance and				
gift	465.6	575.5	531.5	2.2
Insurance	446.2	520.0	565.0	2.3
Cigarette	204.7	198.8	203.6	0.8
Alcoholic bever-				
ages	138.9	145.5	149.5	0.6
Horseracing	110.5	105.1	114.1	0.5
Other sources	807.5	857.3	728.3	3.0
Total, General				
Fund	\$17,667.5	\$18,739.4	\$20,762.9	85.9
Special Funds				
Motor Vehicle				
Fuels	\$852.8	\$830.0	\$827.0	3.4
License fees	672.2	707.2	813.0	3.4
Registration				
(weight, etc.)	424.5	442.2	468.1	1.9
Sales	102.0	123.8	139.3	0.6
Cigarette	85.4	83.4	85.4	0.4
Bank and corpo-				
ration	43.6	48.0	41.8	0.2
Horseracing	17.1	25.7	23.8	0.1
Other sources	777.7	929.1	1006.0	4.2
Total, Special			-	
funds	\$2,975.1	\$3,189.4	\$3,404.4	14.1
			\$24,167.4	
Total	\$20,642.6	\$21,928.8	324,107.4	100.0

Dollar amounts have been rounded. Totals, differences, and percentages have been computed from whole dollars.

1980 Tax Legislation

Legislation enacted during 1980 will reduce General Fund revenue by over \$330 million in 1980-81 and 1981-82. Chapter 634 (AB 2092) amended the Inheritance and Gift Tax Laws to exempt spouses totally from these taxes. In addition, the specific exemptions for children and other beneficiaries were increased by as much as tenfold. These changes will reduce revenue during 1980-81 and 1981-82 by over \$129 million. Chapter 903 (AB 2036) continued the 55 percent solar energy credit which was due to expire at year-end 1980. Chapter 904 (AB 2030) provided a 40 percent tax credit for other energy conservation expenditures. These two measures will reduce personal income and bank and corporation taxes by \$70 million in 1981-82. Chapter 390 (AB 472) allows California based corporations that are unitary in nature to offset losses in computing State tax liability in the same manner as allowed non-California corporations. This will result in a \$30,000,000 revenue loss during the current and budget years. Allowing rapid write-offs for pollution control and other energy conservation equipment will further reduce bank and corporation and personal income taxes by \$10 million.

Chapter 1043 (AB 3383), which extensively revised the Horse Racing Law, will reduce receipts from that source by \$47 million during 1980–81 and 1981–82. Chapter 29 (AB 325) allows certain small employers to remit amounts withheld from wages quarterly rather than monthly. This will result in a one-time cash flow loss of \$30 million in 1980–81. Several exemptions to the Sales Tax Law will reduce revenue by \$11 million in 1980–81 and 1981–82.

GENERAL FUND REVENUE

Over 86 percent of all state revenue is deposited in the General Fund. This includes collections from such levies as those on sales of tangible personal property, personal income,

corporate profits and insurance premiums. For the most part, these taxes are related directly to business conditions. Hence, the estimates of revenue from each source are derived from the economic assumptions outlined above. The influence of these economic factors upon the various tax bases and the methods used in preparing the budget revenue estimates are summarized in the following material.

Sales and Use Tax—\$8,140,000,000

The sales tax is an excise tax imposed upon retailers for the privilege of selling tangible personal property in California. Although retailers are responsible for the tax payments, the law states that they shall collect the tax from the consumer if possible. The tax rate is 6 percent in all but three transit districts in the State where an additional ½ percent is levied for the support of mass transit systems. Of the basic 6 percent rate, $4\frac{3}{4}$ percent represents the State tax rate, 1 percent is for cities and counties and ½ percent is for county transit systems.

As the State's largest revenue source, the sales and use tax contributes over one-third of all State revenues.

Most retail sales and leases of tangible personal property are subject to the sales and use tax. However, several major exemptions were incorporated to reduce the regressivity of the tax. These include food for home consumption; prescription drugs; and gas, electricity, and water. Other exemptions, such as those for vessels and aircraft, provide relief for business.

In 1980, several new sales tax exemptions were added. These included exemptions for certain cargo containers, bottled water, and certain meals furnished to senior citizens. In addition, a partial sales tax exemption for gasohol, which phases out over a four-year period, was enacted. The Legislature also reenacted a 60 percent exemption for factory-built housing. All of these measures will reduce State revenues by \$7.2 million in the budget year.

Table 4
TAXABLE SALES IN CALIFORNIA
(IN MILLIONS)

	1979	1980		1981		1982	
	Actual	Estimated	Percent Change	Estimated	Percent Change	Estimated	Percent Change
Retail stores except motor vehicles and buildings	\$52,286	\$57,060	9.1	\$63,340	11.0	\$70,765	11.7
Motor vehicle dealers, auto parts, service stations, etc	30,308 14,116 34,968	33,370 14,195 38,675	10.1 0.6 10.6	38,495 16,100 43,065	15.4 13.4 11.4	44,970 18,855 48,560	16,8 17.1 12.8
Totals	\$131,678	\$143,300	8.8	\$161,000	12.4	\$183,150	13.8

A portion of the sales tax from gasoline is transferred from the Retail Sales Tax Fund to the Transportation Planning and Development Account in the State Transportation Fund. The amount of the transfer is based upon the level of gasoline sales relative to other taxable sales. However, the transfer cannot exceed a limit which is determined by a 1979–80 base-year amount of \$110 million, increased each year by the lesser of the change in inflation or per capita income plus the change in population.

A transfer of \$123,805,000 will be made to the Transportation Planning and Development Account in 1980–81. In the budget year, the trans-

fer should total \$139,325,000.

The sales tax forecast is prepared by relating taxable sales by type of retail outlet to appropriate economic factors. Such factors include disposable personal income, housing starts, employment and savings.

Following four years of annual increases in excess of 14 percent, sales growth in 1980 dropped dramatically. Beginning with the second quarter, when the Federal Reserve Board imposed controls on credit usage, sales growth dipped to under 8 percent.

Although the credit controls were completely phased out by July, sales relative to income remained depressed. Consumers apparently increased their savings and repaid debts rather

than purchased taxable goods.

This conservatism on the part of the consumers is expected to continue for the first half of 1981, as high interest rates retard housing starts, auto sales and other durable purchases. By the second half of the year, increased economic strength as well as lower interest rates should spur consumption.

Very little real growth is anticipated in total sales during 1981. Taxable sales are forecast at \$161 billion, an increase of 12.4 percent. Gasoline sales should show the strongest gains although the volume purchased will again decline. The price of gasoline is expected to climb 30 cents over the course of the year as tighter supplies and recent wholesale price hikes are reflected at the retail level. Since the demand for housing remains strong, building materials and contractors' sales should pick up when the cost of funds for construction declines.

The general economic upswing in 1982 should boost sales substantially. Nominal growth is

forecast at 13.8 percent, or 3.0 percent in real terms. Gasoline will again account for much of the gain as prices rise 1½ to 2 cents per month. As sales of autos and other vehicles rebound in 1982, the new motor vehicle dealers' category should increase over 19 percent. Demand for building supplies should also be strongly on the upswing. Over 17 percent growth is forecast in building materials and contractors' sales. Most other types of sales should also show real gains.

Sales and use tax revenues prior to the transfers to the State Transportation Fund, including revenue attributable to audit activities of the Board of Equalization and the effects of legislative changes, are:

(In thousands)

1979-80	(actual)	\$6,623,521
		\$7,135,000
		\$8,140,000

Personal Income Tax—\$7,435,000,000

The personal income tax is the State's second largest revenue source, producing about one-third of General Fund revenues. The tax is imposed on net California taxable income (gross income less exclusions and deductions) with tax rates ranging from 1 to 11 percent. Personal and dependent tax credits are allowed against the gross tax liability. In addition, a tax on preference income is levied at one-half the regular rates. Preference income includes such items as accelerated depreciation, and the portion of capital gains income excluded from adjusted gross income.

The personal income tax was enacted in 1935. Rates at that time ranged from 1 percent on taxable income under \$5,000 to 15 percent on taxable income in excess of \$250,000.

The current law is the result of extensive modifications made in 1971, which provided for withholding and quarterly estimated tax payments. Other changes included revised capital gains treatment, a tax on preference income, and an increase in the then maximum tax rate of 10 percent to 11 percent.

The imposition of withholding resulted in considerable windfall revenue. As a result, a special one-time tax credit was enacted in 1972 which returned \$438 million to the taxpayers. This law also provided for a low-income tax credit which essentially exempted single persons with less than \$4,000 income and married cou-

ples with less than \$8,000 income from paying any income tax. (In 1976, incomes for the lowincome tax credit were increased to \$5,000 and \$10,000.) Because personal income tax rates are progressive, inflation pushed many taxpayers into higher tax rate brackets. To help offset these tax increases, the Legislature provided for a special tax credit in 1978. That credit returned \$714 million to the taxpayers. In addition, the Legislature provided for the indexing of tax rate brackets by the annual percent change in the California Consumer Price Index, less 3 percent, effective with the 1978 tax year. Indexing of the personal and dependent tax credits and the standard deduction by the full annual percent change in the California Consumer Price Index began in 1979.

Legislation enacted in 1979 provided that, for the 1980 and 1981 taxable years, tax rate brackets would be indexed by the full annual percent change in the California Consumer Price Index. Indexing provides a substantial reduction in revenue. The following table shows the estimated reduction and percent of total income tax revenue attributable to indexing:

Amount and Percent of Revenue Reduction Resulting From Indexing

		Percent of Total
	Amount	Income Tax
	in	Revenue
Fiscal	Millions	before
Year	of Dollars	Indexing
1978–79	\$250	5%
1979-80	\$630	9%
1980-81	\$1,710	20%
1981-82	\$2,470	25%

Legislation approved in 1980 which had a significant impact on the revenue forecast included AB 325, AB 2030, and AB 2036. AB 325 provided that many small employers who reported withholding receipts on a monthly basis will, beginning in 1981, be permitted to report on a quarterly basis. This will result in a one-time fiscal year cash flow tax reduction of about \$30 million. AB 2030 provided that, beginning with the 1981 tax year, a special tax credit for energy conservation measures, other than solar energy, will be available. This will result in a lowering of personal income tax revenues by \$40 million in the Fiscal Year 1981–82. AB 2036 provided that the solar energy tax credit, which would have expired at the end of the 1980 tax year, will be extended. This will provide about \$15 million in

tax relief in the Fiscal Year 1981-82.

In preparing the personal income tax forecasts, historical revenue trends are analyzed in relation to comparable trends in personal income. Using these relationships, and the Department's forecast of personal income, future revenue is calculated.

Total personal income tax revenue is estimated as follows:

	(In thousan	ds)
1979-80	(actual)	\$6,506,015
1980-81	(estimated)	\$6,650,000
1981-82	(estimated)	\$7,435,000

Bank and Corporation Tax—\$3,077,000,000

The bank and corporation franchise tax is levied on corporations for the privilege of doing business in California. The tax is measured by net income and is imposed at a 9.6 percent rate. The corporation income tax was enacted to complement the franchise tax. It is levied, at the same rate as the franchise tax, on the net income of corporations not doing business in California but which derive income from California sources (primarily foreign companies engaged wholly in interstate commerce and holding companies).

Banks and other financial corporations are required to pay an additional tax on their net income. For 1980 and 1981 this additional tax is 2 percent of net income. The tax on banks and other financials is in lieu of all State and local taxes except those on real property and motor vehicles.

In 1980, there were three major legislative changes that will affect bank and corporation tax revenue during the current and budget years.

Chapter 390 (AB 472) allows commonly owned or controlled intrastate corporations to file a combined tax return. This change will reduce the total tax liability of related intrastate corporations when losses are incurred by any one of such corporations. Revenues are expected to be reduced \$14 million in the current year and \$16 million in the budget year.

Chapter 903 (AB 2036) modifies the solar energy tax credit and extends its expiration date to December 31, 1983. This will reduce revenues by \$5,000,000 in the budget year.

Chapter 904 (AB 2030) establishes a tax credit for energy conservation measures other than solar energy, such as ceiling insulation and

weatherstripping. This credit is expected to reduce bank and corporation tax revenues by \$10 million in the budget year.

Revenue collections in the current and budget year depend upon corporate profits attributable to California during 1979, 1980, and 1981. The profit estimate for 1980 was based upon responses to a questionnaire sent to a sample of firms doing business in California. The 713 companies answering the sample account for approximately 40 percent of the corporate tax base.

According to the survey, California corporate profits in 1980 are expected to total \$26.6 billion, or 5.1 percent above 1979.

The utilities and mining and oil production industries expect to register the strongest increases, while declines are expected in agriculture, manufacturing, trade, finance and real estate. The significant increase for the mining and oil production industry reflects rising worldwide oil prices and price decontrol for domestically produced oil, while the gain for utilities should be viewed as a rebound from depressed 1979 levels.

With the exception of the financials, the effects of the recession on profits has been relatively mild. The nearly 20 percent expected decline in profits for financials subject to the bank tax is due entirely to expected declines for the savings and loan industry (-70.8 percent). High interest rates during 1980 decimated the home mortgage market. For 1981, corporate profits are expected to increase 11.7 percent to \$29.7 billion. Actual and estimated corporate profits from 1978 to 1980 are shown in Table 5.

TABLE 5
TAXABLE CORPORATE PROFITS IN CALIFORNIA
(IN MILLIONS)

	1978	1979		1980	
			Percent		Percent
Industry	Actual	Preliminary	Change	Preliminary	Change
Agriculture	\$279	\$336	20.4	\$326	-3.0
Mining and oil production	1,344	2,413	79.5	3,400	40.9
Construction	981	1,160	18.2	1,366	17.8
Manufacturing	7,937	8,598	8.3	8,361	-2.8
Trade	4,891	5,509	12.6	5,499	-0.2
Service	1,988	2,206	11.0	2,413	9.4
Financials subject to bank tax	2,452	2,133	13.0	1,713	— 19.7
Real estate and other financials	1,669	1,895	13.5	1,819	-4.0
Utilities	1,700	1,050	-38.2	1,703	62.2
Totals	\$23,241	\$25,300	8.9	\$26,600	5.1

^{*} These figures represent income of corporations with accounting periods ending in August of the year shown through July of the following year. This method of reporting approximates the Federal system of reporting corporate profits in the year earned.

After adjusting for legislation and adding payments attributable to audit activities of the Franchise Tax Board, total revenue is estimated as follows:

	(In thou	sands)	
	1979–80	1980-81	1981-82
	Actual	Estimated	Estimated
General Fund	\$2,466,458	\$2,676,027	\$3,035,234
State Litter Control,			
Recycling, and			
Resource Re-			
covery Fund	14,581 ¹	13,971 ¹	14,766
Financial Aid to Lo-			
cal Agencies			
Fund	29,000 1	34,000 1	27,000
Total	\$2,510,039	\$2,724,000	\$3,077,000

¹ For 1979-80 and 1980-81, the State Controller accounts these amounts as General Fund Revenue. Legislation will be proposed to treat these amounts as Special Fund revenue in 1981-82.

Insurance Tax-\$565,000,000

All insurers are subject to a 2.35 percent gross premiums tax. This tax is in lieu of all other State and local taxes except those on real property and motor vehicles. Exceptions to the 2.35 tax rate are certain pension and profit sharing plans which are taxed at 0.50 percent, surplus lines at 3 percent, and ocean marine insurers at 5 percent of underwriting profits.

A survey conducted by the Department of Finance was used to project insurance premium growth. Responses were obtained from 118 insurance companies. These companies account for 61 percent of insurance written in California. The results indicate that taxable premiums increased by 6.7 percent in 1980 and are projected

to grow 9.8 percent in 1981.

The estimated tax for the current and budget years and the actual tax collection in 1979–80 are:

	(In thousands)	
1979-80	(actual)	\$446,228
1980-81	(estimated)	. 520,000
1981-82	(estimated)	. 565,000

Inheritance and Gift Taxes—\$531,500,000

The California inheritance tax is levied on property transferred at death, including gifts made either in contemplation of death or with the intention that the transfer take effect at or after death. The tax liability rests with the decedent's estate.

Taxable property includes all tangible (real) property in the State. Should the decedent at date of death be a California resident, intangible (personal) property is also taxed. A progressive rate schedule, which varies with the relationship between the transferee and decedent, is applied to the taxable base.

The Gift Tax Law provides for an annual \$3,000 exemption from donor to the same donee, with no limit on the number of donees. The law also provides a specific, one-time exemption, the amount of which varies with the relationship between donee and donor. The specific exemptions and the tax rates are the same as those provided in the Inheritance Tax Law.

Effective January 1, 1981, Chapter 634 (AB 2092) makes all interspousal transfers exempt from inheritance and gift taxation and increases the exemption for other beneficiaries, the amount of which varies with the relationship between transferor and transferee.

A significant amount of the tax relief provided by Chapter 634 will accrue to a relatively few individuals. The total inheritance tax relief provided by this bill expected in the current year is \$1.4 million, with \$123.7 million estimated for the budget year. When fully effective, the inheritance tax provisions of this bill is expected to affect approximately 150,000 beneficiaries annually. Spouses, who make up 10 percent of the total number of inheritances, are expected to receive approximately 65 percent of the tax relief. Of the savings to spouses, it is estimated that 10 percent will realize approximately 57 percent of the total.

Estimated revenues for the inheritance and gift taxes are:

		(In thousands)	
	1979-80	1980-81	1981-82
	Actual	Estimated	Estimated
Inheritance Tax	\$445,938	\$552,000	\$505,000
Gift Tax	19,673	23,500	26,500
Total	\$465,611	\$575,500	\$531,500

Cigarette Tax-\$289,000,000

A tax of 10 cents per package of cigarettes is imposed on the distributor for the privilege of selling cigarettes in this State. Thirty percent of the total revenue is allocated to local governments with the remaining 70 percent going to the General Fund. Cigars and other tobacco products are not subject to a tobacco tax.

A projection of the total number of taxable cigarette packs distributed in the current and budget years is the basis for the cigarette tax estimate. Per capita consumption in the 1980–81 year is expected to increase 2.6% from 1979–80 and then remain level through 1981–82. Taxable distributions of cigarettes in 1979–80 were at 2.74 billion packs; 2.87 billion packs are projected for 1980–81 and 2.91 billion packs for 1981–82. Estimated revenues for the cigarette tax are:

		(In thousands)	
	1979-80	1980-81	1981-82
	Actual	Estimated	Estimated
General Fund	\$204,675	\$198,800	\$203,600
Cigarette Tax Fund	85,369	83,400	85,400
Totals	\$290,043	\$282,200	\$289,000

In 1979-80, a change in accounting procedures resulted in 13 months revenue being counted in that year.

Alcoholic Beverage Taxes—\$149,500,000

The tax on alcoholic beverages is levied on the distribution of distilled spirits, beer and wine to retailers. The tax rates, which vary with the type of alcoholic beverage, are as follows:

Beer	\$.04/gallon
Sparkling wine	
Dry wine	\$.01/gallon
Sweet wine	\$.02/gallon
Distilled spirits	\$2.00/gallon

Alcoholic beverage tax estimates are based on a projection of the total number of gallons distributed in the current and budget years for each type of beverage. Over the past five years, beer, dry wine and sparkling wine have increased in popularity, whereas the consumption of sweet wine has been on the decline. Estimated per capita consumption of each beverage is shown below:

Apparent Per Capita Consumption (in gallons)

	1979–80 Actual	1980–81 Estimated	1981–82 Estimated
Distilled spirits	2.48	2.57	2.60
Beer	25.22	24.88	25.71
Sparkling wine	.29	.30	.31
Dry wine	3.66	3.90	4.09
Sweet wine	.39	.35	.32

Estimated revenues for the current and budget years, compared with the actual revenue for 1979–80 are:

		(In thousands)	
	1979-80	1980-81	1981-82
	Actual	Estimated	Estimated
Distilled spirits	\$112,757	\$119,200	\$122,000
Beer and wine	\$26,183	\$26,300	\$27,500
Total	\$138,940	\$145,500	\$149,500

Horse Racing Fees-\$137,880,000

Horse racing in California provides entertainment for over 10 million attendees, and employment for over 20,000 licensees and service workers directly and for thousands more in the ancillary breeding and supplier activities.

The major portion of horse racing revenue is derived from a license fee imposed on the total parimutuel handle (the amount bet) and breakage (the odd cents not paid to winning ticket holders). Other sources of horse racing revenue are unclaimed parimutuel tickets, occupational license fees, fines and penalties.

Beginning in January 1981, a new license fee schedule and a different distribution of the proceeds is authorized. Rather than the one basic fee schedule, there are now numerous schedules differentiated by the type of horse racing and the size of the handle. These changes were instituted to provide incentives for the expansion of the racing industry. The new tax schedules allow more of the collected money to be kept by the racetrack and purses to be larger for the horseman. As a further incentive, additional race days have been statutorily authorized. These changes will account for about a 28 percent reduction in the 1981–82 General Fund share of horse racing

Revenue from horseracing is anticipated to be \$130,240,000 in 1980-81 and \$137,880,000 in 1981-82. Total parimutuel pools, receipts from

horse racing, and the final distribution of such revenue among the various funds are shown below.

Sources and Distribution of Horse Racing Revenue (In thousands)

	1979-80	1980-81	1981-82
	Actual	Estimated	Estimated
Total parimutuel pools	\$1,782,449	1,935,985	\$2,243,625
Receipts:	, , , ,	-,,,,,,,,	42,213,023
Parimutuel license fee	114,834	117,623	124,971
Breakage	8,553	8,143	8,119
Sires stakes revenue	625	1,245	1,807
1 percent additional		,	1,00
take-out for fairs	1,379	1,629	1,753
Unclaimed parimutuel			,
tickets	1,551	1,285	1,311
Occupational license			
fees, fines and penal-			
ties miscellaneous	686	875	919
Total	127,627	130,800	137,880
Distribution:	·	,	10.,000
General Fund	110,550	105,125	114,099
Fair and Exposition			,
Fund	15,703	23,680	21,224
Wildlife Restoration			
Fund	750	750	750
Sires Stakes	625	1,245	1,807
Racetrack Security Ac-			
count, Special Deposit			
Fund	-	220	750
Horsemen's Organiza-			
tion Welfare Account,			
Special Deposit Fund	-	220	750

Other General Fund Revenue—\$728,329,000

Miscellaneous receipts for the General Fund will total \$738.3 million in the budget year; a decrease of 15 percent from the corresponding figure for the current year and up 9.8 percent from 1978–79. Miscellaneous revenue is made up of seven categories: Medi-Cal aid reimbursements, interest income, pay patients and county board charge at hospitals, General Fund share of liquor license fees, private care tax, royalties from oil and gas production on state-owned lands, and other—including charges for certain services to business and individuals and sales of property.

Alternative Forecasts

The alternative economic forecasts discussed on page A-7 will result in different revenue estimates. A deeper recession coupled with a delayed recovery could reduce revenue by as much as \$580 million between now and June 1981. On the other hand, a rapid recovery could lead to revenue collections of \$600 million above the forecast.

The alternative economic forecasts could re-

sult in alternate revenue estimates ranging approximately \$770 million from the Budget forecast.

The following table compares the General Fund revenue estimates used in this Budget with revenue estimates based on both the high and low alternative economic forecasts.

TABLE 6
ESTIMATED GENERAL FUND REVENUE
BASED ON HIGH, BUDGET AND LOW
ECONOMIC OUTLOOKS
(In millions)

	High Alternative	Budget Estimate	Low Alternative
1980-81			
Sales and use tax	\$7,300.0	\$7,011.2	\$6,700.0
Personal income tax	6,850.0	6,650.0	6,450.0
Bank and corporation tax	2,760.0	2,676.0	2,590.0
Other sources	2,402	2,402	2,402
Total Difference from Budget	\$19,312	\$18,739	\$18,142
estimate	+\$573		-\$597.2
1981-82			
Sales and use tax	\$8,450	\$8,001	\$7,550
Personal income tax	7,660	7,435	7,210
Bank and corporation tax	3,130	3,035	2,940
Other sources	2,292	2,292	2,292
Total	\$21,532	\$20,763	\$19,992
estimate	+\$769		-\$771

SPECIAL FUND REVENUE

Provisions of the California Constitution, codes and statutes restrict the use of certain revenue for specified purposes, and these receipts are separately accounted for in various special funds. In general, they comprise three categories of income: (1) receipts from tax levies which are allocated to specified functions; (2) charges for special services to specific groups; and (3) rentals, royalties and other receipts earmarked for particular purposes. Motor vehicle taxes and fees illustrate the first of these classes. License fees for the regulation of business and professions are typical of the second. Oil and gas royalties are examples of the third. Interest received by the investment of special fund money is deposited in the fund for which the investments are held.

Motor vehicle taxes and fees account for 62 percent of all special fund revenue. Principal sources of this income are the motor vehicle fuel taxes, registration and weight fees and vehicle license fees. During the 1981–82 fiscal year, \$2.1 billion will be derived from the ownership or operation of motor vehicles. Approximately \$1.2

billion of this revenue will be returned to local governments. The remainder will be available for various state programs related to transportation and services to vehicle owners.

Thirty percent of cigarette tax revenue is deposited in a special fund for distribution to cities and counties. In 1981–82 receipts for this fund are estimated at \$85.4 million.

Charges for special services to industry, business and the professions, together with hunting, fishing and liquor licenses, other regulatory fees and miscellaneous receipts will amount to \$1,006 million in 1981–82. Oil and gas revenues are estimated to total \$487 million. Interest from investments held for the various special funds is projected at \$104 million.

Motor Vehicle Fees-\$1,281,126,000

Motor vehicle fees consist of vehicle license fees, registration fees, drivers' license fees, and various other charges related to vehicle operation.

Registration fees are levied on all motor vehicles, trailers, semi-trailers and certain types of dollies at a flat rate. In addition to the \$11 registration fee, trucks and trailers pay fees, ranging from \$5 to \$413, based on their unladen weight.

New vehicle sales (autos, trucks, trailers and motorcycles) in California reached 1,638,113 in 1979 and are estimated to be 1,374,000 units in 1980. In 1981 and 1982, sales are expected to reach 1,425,000 and 1,562,000 units, respectively.

Allowing for scrappage and vehicles entering and leaving the State, total fee-paid registrations at year-end are estimated at 19,032,000 for 1980, 19,450,000 for 1981 and 19,986,000 for 1982. Based on these estimates, registration, weight and other fees are expected to total \$442 million for the current year and \$462 million in the budget year.

The vehicle license fee is imposed for the privilege of operating a vehicle on the public highways in California. It is calculated on the vehicle's "market value"—the manufacturer's suggested base price, excluding options, adjusted by a depreciation schedule. For motor vehicles, the schedule is based on a nine-year depreciation period; an 18-year depreciation period is used for trailer coaches. A rate of 2 percent is applied to the depreciated value to determine the fee. Revenue from this source is thus contingent on

the number of vehicles in the State, the age distribution of those vehicles, and their original base price. The revenues collected, less certain deductions, are distributed to local governments on a population basis.

Total revenues from motor vehicle fees are:

		(In thousands)												
	1979-80	1979-80 1980-81 1981-82												
	Actual	Estimated	Estimated											
Registration, weight														
and other fees	\$424,462	\$442,000	\$468,126											
Vehicle license fees	672,178	707,200	813,000											
Total	\$1,096,640	\$1,149,200	\$1,281,126											

Motor Vehicle Fuel Taxes—\$827,000,000

The motor vehicle fuel license tax and the use fuel tax provide the major sources of funds for maintaining, replacing, and constructing state highway and transportation facilities.

The motor vehicle fuel license tax (gas tax) is a tax on the distribution of gasoline and other flammable liquids which are used in propelling motor vehicles, aircraft, and vessels. Distributions of diesel fuel, liquid petroleum gas (LPG), and kerosene are not included under this tax. The current tax rates per gallon are as follows:

Motor vehicle fuel suitable for	
highway use	7¢
Motor vehicle fuel suitable for	
off-highway recreational use	7¢
Aircraft jet fuel	2¢
Fuel used in aircraft 1	7¢
Fuel used in vessels	7¢

¹ Subject to 5 cent refund.

Revenues collected from the distribution of motor fuel used in aircraft are transferred to the Aeronautics Account.

Gasoline tax revenues are estimated on the basis of average gasoline consumption per vehicle and total vehicle registrations. Consumption per vehicle in 1979–80 amounted to 590 gallons and is projected at 561 gallons for 1980–81 and 542 gallons for 1981–82.

The use fuel tax is imposed on the distribution of diesel fuel, liquefied petroleum gas (LPG), and natural gas for use on State highways. This tax augments the gasoline tax and is used for the construction and maintenance of highways.

The current tax rates are 7 cents per gallon of motor vehicle fuel or per 100 cubic feet of compressed natural gas, and 6 cents per gallon of LPG or liquid natural gas. In addition, a person may elect to pay a flat rate fuel tax based on vehicle weight in lieu of the tax on LPG. Local transit systems and certain common carriers pay 1 cent per gallon.

Highway consumption of diesel fuel is estimated by projecting the trend of past distributions with adjustments to reflect changes in the economy. Consumption of diesel fuel in 1980–81 is estimated to increase 3.7 percent from 1979–80, and to rise by 8.5 percent in 1981–82.

Revenues from motor vehicle fuel taxes are shown below:

		(In thousands)	
	1979-80	1980-81	1981-82
	Actual	Estimated	Estimated
Gasoline	\$773,695	\$748,000	\$738,000
Use Fuel	79,057	82,000	89,000
Totals	\$852,751	\$830,000	\$827,000

Other Special Fund Revenue—\$1,006,026,000

For the most part, nontax revenue flowing to special funds represents regulatory fees on business and professions, charges for special services to designated groups, special accounts in the General Fund and royalties from oil and gas production on state-owned land.

For the budget year, these revenues will total \$1,006 million compared with \$929 million in the current year. Actual receipts in 1979-80 were \$778 million.

SUMMARY OF STATE POPULATION, INCOME OF CALIFORNIA RESIDENTS, AND STATE TAX COLLECTIONS Excluding Departmental, Interest and Miscellaneous Revenue TABLE 7

,	,		Total	24 77	7.4.	5.73	4.36	4.50	4.70	4.93	4.82	4.63	4.73	2.08	5.10	5.10	5.13	5.51	5.51	5.63	5.26	5.91	6.72	08.9	6.53	6.32	7.00	7.05	6.9	7.62	2.68	8.05	8.49	8.16	8.36	7.85	7.81	
	Taxes per \$100 of	al Special	Funds	61.40	1.47	1.42	1.37	<u>4</u>	1.69	1.73	1.67	1.61	1.59	1.55	1.53	1.47	1.46	1.56	1.66	1.62	1.53	1 68	1.61	1.59	1.55	1.48	1.47	1.43	1.33	1.22	1.18	1.12	1.07	1.01	96.0	0.88	0.83	
(Taxe	General		97.09	33.20	3.12	2.99	2.86	3.01	3.20	3.14	3.01	3.14	3.53	3.57	3.63	3.67	3.95	3.85	4.01	3.73	473	\$ 12	5.21	4.98	4.84	5.53	5.62	2.66	6.41	6.50	6.93	7.42	7.14	7.39	6.97	86.9	
	-		Total	17 700	300.07	90.63	92.72	69.86	101.86	112.67	115.10	113.58	117.59	133.33	135.96	138.75	145.14	161.54	169.53	180.75	179.74	201 98	242 23	264.08	272.35	277.52	322.56	348.92	375.22	448.90	493.42	566.56	657.46	704.29	811.71	840.91	918.52	
		laxes per Capita	Funds	31 703	36.75	78.33	29.19	35.95	36.66	39.48	39.97	39.59	39.60	40.67	40.70	40.12	41.25	45.78	51.08	52.10	52.27	57.43	57.03	61.78	64.62	64.85	67.75	70.99	71.34	11.71	75.61	78.89	83.13	87.54	93.59	94.36	98.20	
	F	General		650	359.55	97.30	63.53	62.74	65.20	73.19	75.13	73.99	77.99	95.66	95.26	98.63	103.89	115.76	118.45	128.64	127.47	144.55	184 20	202.29	207.73	212.66	254.81	277.92	303.89	377.19	417.81	487.67	574.33	616.74	718.12	746.55	820.32	
S	F	Thou-	sands)	2000	\$943,334	1,031,944	1,100,528	1,214,788	1,299,713	1,497,593	1,597,486	1.642,299	1,765,477	2,076,788	2,194,162	2,314,567	2,502,223	2,871,900	3.093,115	3,370,582	3,415,552	3 818 775	4 675 071	5,172,748	5.408,865	5,598,613	6,598,555	7,229,171	7,877,064	9,574,497	10,710,077	12,524,880	14,826,327	16,201,427	19,057,417	20,142,430	22,433,006	
State Tax Collections	Special	Funds (Thou-	(spues		\$295,542	322,699	346,480	442,538	467,814	524,765	554,713	572,490	594,587	633,492	656,815	669,267	711,185	813,937	931.958	971,625	993,277	1 001 387	1118 311	1,210,229	1.283,258	1.308,350	1,385,863	1,470,905	1,497,588	1,529,459	1,641,174	1,744,013	1,874,714	2,013,879	2,197,397	2,260,281	2,398,398	
	General	Fund	sands)		\$647,992	709,245	754,048	772,250	831.899	972,828	1.042,773	1.069.809	1.170.890	1.443.296	1.537.347	1.645,300	1.791.038	2,057,962	2,161,157	2,398,958	2,422,275	2 746 999	2 557 610	3.962.520	4.125.607	4.290.263	5,212,693	5,758,266	6,379,476	8,045,039	9,068,903	10,780,867	12,951,613	14,187,549	16,860,019	17,882,149	20,034,608	
		Fiscos	Year	;	1950-51	1951-52	1952-53	1953-54	1954-55	1955-56	1956-57	1957-58	1958-59	1959-60	1960-61	1961–62	1962-63	1963-64	1964-65	1965–66	1966-67	27 7701	1960-07	1968–69	1969-70	1970-71	1971–72	1972-73	1973-74	1974-75	1975–76	1976-77	1977–78	1978-79	1979-80	1980-81	1981–82 †	
		Income	Pel Capita		\$1,858	2,045	2,167	2,231	2,212	2,336	2.443	2 504	2 532	2 672	2,712	2,765	2 879	2.973	3 116	3.242	3,447	177	7,5	3 917	4 195	4.423	4.637	4,981	5,401	5,934	6,482	7.102	7.817	8.719	9,811	10,819	11,873	Times a
		Personal	(Millions)		\$19,774	22,756	25,214	27,002	27 682	30 378	33,177	35 497	37.375	40.844	43.020	45 379	48 807	52 111	56 171	59.855	64,913	21013	212,40	76 114	82 828	88 553	94.206	102,539	112,641	125,579	139,481	155,586	174.543	198,595	228,017	256,574	287,205	
	Population 1	July 1st	sands)		10,643	11,130	11,638	12, 101	12 517	13,004	13,581	12,201	14,177	15.288	15.863	15,500	16 951	17,530	900,41	18,020	18,831	***	18,831	19,173	10.745	20.02	20,316	20.588	20,856	21,162	21,518	21,906	22,329	22,778	23.241	23,716	24,190	7
	a.			CASH BASIS	1950	1951	1952	1053	1054	1055	1933	1930	1937	1050	1050	1961	1061	1906.3	1903	1065	1966	ACCRUAL BASIS	1966	196/	1060	1070	1970	1972	1973	1974	1975	9261	1977	1978	1979	1980 †	1981 +	

¹ Population estimated by the State Department of Finance.
² Personal income, 1950 through 1979, from estimates by the Office of Business and Economics, United States Department of Commerce. Data for 1980 and 1981 are estimates by the State Department of Finance.

³ Taxes per capita computed on the basis of population January 1, the midpoint of the fiscal year.

*Beginning in 1966-67, most state revenues were placed on an accrual basis. Beginning in 1973-74, accounts receivable only are accrued.

† Estimated.

Data may not add due to rounding. NOTE: Data are shown for 1966-67 on both bases in order to facilitate long-term comparisons.

COMPARATIVE YIELD OF STATE TAXES, 1950-51 THROUGH 1981-82 (In thousands) TABLE 8

Includes the corporation income tax.

Motor vehicle fuel tax (gasoline), use fuel tax (diesel and liquefied petroleum gas).

Registration and weight fees, motor vehicle license fees and other fees.

Beginning in 1966-67, most state revenues were placed on an accrual basis. Beginning with 1973-74, accounts receivable only are accrued. + Estimated.

NOTE: Data are shown for 1966-67 on both bases in order to facilitate long-term comparisons.

TABLE 9 **OUTLINE OF STATE TAX SYSTEM AS OF JANUARY 1, 1981**

	Reference					
Major Taxes and Fees	Code	Sections	Base or Measure	Rate	Administering Agency	Fund
Alcoholic Beverage Excises:		.,				-
Beer	R & T (1)	32151(a)	Gallon	\$0.04	Equalization (2)	General
Distilled spirits		32201(a)	Gallon	2.00	Equalization (2)	General
Wine:	K & I	32201 (a)	Ganon	2.00	Equalization	General
Dry	R&T	32151(b)	Gallon	.01	Equalization	General
Sweet	R&T	32151(c)	Gallon	.02	Equalization	General
Sparkling		32151(d)	Gallon	.30	Equalization	General
Sparkling hard cider	R&T	32151(e)	Gallon	.02	Equalization	General
Bank and Corporation:		12101(0)				
General corporations	R&T	23151	Net income	9.6% (3)	Franchise (4)	General
•		23501			` '	
Banks and financial corporations	R&T	23183	Net income	11.6%	Franchise	General and Finan-
		1 22102				cial Aid to Local
						Agencies (5)
Cigarette	R&T	30101	Package	\$0.10 (6)	Equalization	Cigarette Tax
					1	Fund (7)
Energy Resources Surcharge	R&T	40032	Kilowatt hours	\$0.00016	Equalization	Energy Resources
8					1	Surcharge Fund
Gift	R&T	15201	Market value	3-24%	Controller	General
Horse Racing License	B & P (8)	19611	Amt. wagered	1.0-6.45%	Horse Racing Board	Fair and Expo.
		19612	Breakage	0-100%		(9), Wildlife Res-
		19614				toration and Gen-
		19491		}		eral
Inheritance	R&T	13401	Market value	3-24%	Controller	General
Insurance		12202	Gross Premiums	2.35% (10)	Insurance Dept	General
Liquor License Fees	B & P	23320	Type of license	Various	Alcoholic Beverage	Alcohol Bev. (11)
					Control Dept	and General
Motor Vehicle:						
Vehicle license fees	R&T	10751	Market value	2%	Motor Vehicle Dept.	Vehicle License
						Fee (12)
Fuel—gasoline	R & T	7351	Gallon	\$0.07	Equalization	Fuel (13)
Fuel-diesel	R & T	8651	Gallon	.07	Equalization	Fuel
Registration fee		9250	Vehicle	11.00	Motor Vehicle Dept.	Motor Veh. (14)
Weight fees	Vehicle	9400	Unladen weight	Various	Motor Vehicle Dept.	Motor Vehicle
Personal Income	R & T	17041	Taxable income	1-11%	Franchise	General
Preference Income:	_					
Bank and corporation	R & T	23400	Preference income over			
_			\$30,000	2.5%	Franchise	General
Personal	R & T	17062	Preference income over			
			\$4,000 (single), \$8,000			
			(joint, head of			
		1	household, or surviving	0.5.5.5	-	c ,
Daisson Dailean I Co	D 0 T		spouse)	0.5-5.5%	Franchise	General
Private Railroad Car	R&T	11401	Valuation	(15)	Equalization	General
Retail Sales and Use	R & T	6051	Receipts from sales or	4.75.00	E P	C
		6201	lease of taxable items	4.75%	Equalization	General and State
						Transportation Fund
						1 dild
				1		

⁽¹⁾ Revenue and Taxation Code.

⁽²⁾ State Board of Equalization.
(3) Minimum Tax \$200 per year.

⁽⁴⁾ Franchise Tax Board.

⁽⁵⁾ The revenue attributable to the 2 percent bank tax rate goes to the Financial Aid to Local Agencies Fund.
(6) This tax is levied at the rate of 5 mills per cigarette.
(7) 30 percent of the cigarette tax is remitted to local jurisdictions.
(8) Business and Professions Code.

⁽⁹⁾ For support of county fairs and similar activities.
(10) Ocean marine insurance is taxed at the rate of 5 percent of underwriting profit attributable to California business. A special rate also applies to certain types of insurance and annuities.

⁽¹¹⁾ For return to cities and counties.

⁽¹²⁾ For payment of administrative costs and apportionment to counties, cities and school districts.
(13) For administrative expense and apportionment to state, counties and cities for highways, airports and small craft harbors.
(14) For support of State Department of Motor Vehicles, California Highway Patrol, state highways and environmental protection.
(15) Average property tax rate in the State during preceding year.

10 11 12 13 14 15 16 17 18 19 20 21 22 23 24 25 26 27 28 29 30 31 32 33 34 35 36 37 38 40 41 42 43 44 45 46 47

48 49

CLASSIFICATION OF FUNDS IN THE STATE TREASURY

Revenues and expenditures in the program budget and the summary schedules reflect the activities of many separate funds. Schedules 4 and 5 provide a complete list of these funds. The Index lists those funds for which Fund Conditions are included in the budget and references the page number. General Fund and Special Fund expenditures represent the cost of government and are included in budget totals; and along with selected Bond Funds, are included in the overall expenditure totals. Beginning in 1981–82, the classification of funds in the state treasury will be changed to conform to Generally Accepted Accounting Principles as set forth by the National Council on Governmental Accounting. Schedule 1–D in the A-Pages includes a description of these changes and shows their effect on the 1981–82 budget totals.

GENERAL FUND—Used to account for all revenues and activities financed therefrom which are not required by law to be accounted by any other fund. Most state expenditures are financed from the General Fund. Normally, the only difference between the General Fund and the other governmental cost funds is the

restriction placed on the use of revenues of the other governmental cost funds.

SPECIAL FUNDS—Consists of governmental cost funds used to account for taxes and revenues which are restricted by law for particular functions or activities of government. The funds included in these classifications are primarily for the regulation of businesses, professions and vocations; transportation; law enforcement and capital outlay.

General Fund Special Accounts—Legislatively created accounts or dedicated revenues within the General Fund. Moneys credited to such accounts may be used only for the purposes specified in the legislation. As a result of Chapter 942, Statutes of 1977, these special accounts are treated as special funds and revenues and expenditures are included in the special funds totals in the summary schedules of the budget. They are therefore excluded from the General Fund Unrestricted revenues, expenditures, reserves and balance available.

OTHER FUNDS—See Schedule 5 for a list of funds which do not represent a cost of government. Expenditures from these funds are not included in the budget totals. They consist of moneys which were derived from sources other than general or special taxes, licenses, fees or other state revenues. Included are receipts from the Federal Government, funds created for accounting purposes, receipts from sale of lands, or moneys held in trust. These funds are segregated into the following classifications:

Working Capital and Revolving Funds—Funds created to finance internal service activities rendered by a state agency to other state agencies or to local governments for which charges are made at cost. The charges are reflected as expenditures in the budget of the agency receiving the commodity or service.

Public Service Enterprise Funds—Self-supporting activities operated by the State for the benefit of the public. Funds are derived from charges to those who use the service and no support is derived from taxes, licenses or other state revenues.

Bond Funds—Used to account for the receipt and disbursement of proceeds from the sale of bonds and to finance projects for which the bonds were authorized. Expenditures are considered a cost of government at the time interest payments are made and as the bonds are redeemed.

Retirement Funds—Moneys held in trust by the State for retirement benefit payments.

Trust and Agency Funds-Funds holding moneys in trust pending disbursements to trustors, moneys received from the Federal Government to be expended for specific purposes, and other funds which do not derive their sources from taxes or other state revenues, or are in the nature of transitory funds created for the convenience of accounting receipts or disbursements which are not necessarily revenues or expenditures.

SELECTED BOND FUNDS—Included in the overall expenditure totals of Schedules 1, 3 and 7 for budget purposes are expenditures from the following funds:

Health Science Facilities Construction Program Fund.

Recreation and Fish and Wildlife Enhancement Fund.

State Beach, Park, Recreational and Historical Facilities Fund (of 1964). State Beach, Park, Recreational and Historical Facilities Fund (of 1974). State Clean Water (Bond) Fund. State Construction Program Fund.

California Safe Drinking Water Fund.

State, Urban, and Coastal Park Fund (Bond Act of 1976).

Schedule 2

COMPARATIVE STATEMENT OF REVENUES: FISCAL YEARS 1979-80, 1980-81, AND 1981-82

	Total	\$27,500,000 122,000,000 3,077,000,000 289,000,000 26,500,000 137,880,000	505,000,000 565,000,000 813,000,000	738,000,000 89,000,000 468,126,000 7,435,000,000 8,140,000,000	\$22,433,006,000	\$26,600,000 \$,000,000	200,000	1,474,000 11,270,700 4,393,038	6,985,495	11,664,219	18,573,667 3,207,441 223,414,541	8,719,595 21,615,777 58,147,075 30,059,467 15,000,000 14,842,180 37,132,000 11,251,479	3,379,000 325,000,000 100,880,310 507,500 1,293,134	501,867,000 18,700,000 1,002,500	13,500,000
Estimated 1981-82	Special funds	\$41,766,317 85,400,000 23,780,916	813,000,000	738,000,000 89,000,000 468,126,000 139,325,000	\$2,398,398,233	\$14,850,000	200,000	1,474,000 11,270,700 4,393,038	ı	1	3,207,441	21,538,007 57,816,972 30,059,467 15,000,000 14,842,180 37,132,000 691,479	2,179,000 100,880,310 500,000 910,000	487,061,317 18,700,000	13,500,000
	General Fund	\$27,500,000 122,000,000 3,035,23,683 203,600,000 26,500,000 114,099,084	505,000,000 565,000,000	7,435,000,000 8,000,675,000	\$20,034,607,767	\$11,750,000 \$,5,000,000	ı	1.1.1	6,985,495	11,664,219	18,573,667	8,719,595 77,750 330,103 - - - - 10,560,000	1,200,000 325,000,000 7,500 383,134	14,805,683	1
	Total	\$26,300,000 119,200,000 2,724,000,000 282,200,000 13,500,000	552,000,000 520,000,000 707,200,000	748,000,000 82,000,000 442,230,000 6,650,000,000 7,135,000,000	\$20,142,430,000	\$26,100,000 5,000,000	460,000	1,370,000 9,954,200 3,319,900	6,330,194	12,150,228	17,410,700 3,250,527 227,648,288	6,649,339 21,313,609 59,256,695 26,474,705 115,500,000 112,565,000 35,049,000 9,782,660	3,423,000 450,000,000 107,936,730 507,500 1,410,885	468,762,958 18,300,000 1,002,500	12,350,000
Estimated 1980-81	Special funds	547,971,000 83,400,000 - - - - -	000,000,007	748,000,000 82,000,000 442,230,000 123,805,000	\$2,260,280,814	\$14,400,000	460,000	1,370,000 9,954,200 3,319,900	ı	l	3,250,527	21,235,839 58,932,775 26,424,705 11,550,000 12,565,000 35,049,000 461,262	2,223,000 107,936,730 500,000 1,037,751	437,200,174 18,300,000	12,350,000
	General Fund	\$26,300,000 119,200,000 2,676,029,000 198,800,000 23,500,000	552,000,000 520,000,000	- 6,650,000,000 7,011,195,000	\$17,882,149,186	\$11,700,000	3	1 1 1	6,330,194	12,150,228	17,410,700	6,649,359 77,750 77,750 324,120 - - 9,321,398	1,200,000 450,000,000 7,500 373,134	31,562,784 1,002,500	1
	Total	\$26,183,191 112,757,075 2,510,039,059 290,043,360 19,672,723	445,238,193 446,228,193 672,178,656	773,694,624 79,056,542 424,461,542 6,506,014,963 6,623,521,314	\$19,057,416,534	\$27,322,457 4,504,073	455,884	1,434,779 8,700,028 2,504,647	8,807,441	5,731,668	15,283,767 2,728,405 113,067,735	5,767,935 20,895,091 55,772,687 19,021,773 15,141,963 34,88,366 32,623,917 9,169,682	3,881,711 545,011,002 111,837,123 1,131,494 2,098,377	300,226,286 15,368,639 1,002,221	10,762,013
Actual 1979_80	Special funds	\$43,581,100 85,368,581	672,178,656	773,694,624 79,056,542 424,461,542 101,978,532	\$2,197,397,240	\$15,110,478	455,884	1,434,779 8,700,028 2,504,647	1	1	2,728,405	20,817,718 55,467,149 19,021,773 15,141,963 9,458,341 37,623,917 278,588	2,707,378 - 111,837,123 1,124,157 1,746,387	293,542,485 15,368,639	10,762,013
	General Fund	\$26,183,191 112,757,075 2,466,457,959 204,674,779 19,672,723	110,549,053 445,937,976 446,228,193	- - 6,506,014,963 6,521,542,782	\$16,860,019,294	\$12,211,979	1	1 1 1	8,807,441	5,731,668	15,283,767	5,767,935 77,373 305,538 2 2 8,891,094	1,174,333 545,011,002 7,337 351,990	6,683,801	1
	Sources MAIOR TAXES AND LICENSES:	Alcoholic Beverage Taxes and Fees: (a) Excise Tax on Best and Wine	Horse Racing Revenues	Motor Vehicle Fuel Tax: (a) Gasoline	TOTALS, MAJOR TAXES AND LI- CENSES	OTHER REVENUES: Liquor License Fees Private Railroad Car Tax	Off-Highway Motor Vehicle License Fees ("Io-Lieu" Tax)	Off-Highway Motor Vehicle Registration and Other Fees Personalized License Plates Architecture Public Building Fees	Corporation Licenses, Permits and Examina- tion Fees	County Board Charges: Mental Health Patients and Clinic Fees	Pay Patients Board Charges and Clinic Fees: State Hospital Patients. Teacher Credentia Fees. Receipts from Health Care Deposit Fund	Medicare Kocopis from the Federal Covern- Department of Food and Agriculture Department of Consumer Affairs Electrical Energy Surcharge Telephone Users Surcharge Department of Real Estate Department of Insurance	(a) Interest oo Investments: (a) Interest Income. (b) Pooled Money Investments. (c) Surplus Mocey Jovestments. (d) Coodemantion Deposit Investments. (e) Other Interest Income.	(a) Revenues Collected by State Lands Division wision (b) Federal Lands (c) Other Lands (c)	Penalties and Interest oo Uoemployment Cootributions

Schedule 2

COMPARATIVE STATEMENT OF REVENUES: FISCAL YEARS 1979-80, 1980-81, AND 1981-82-Continued

	Total	47,222,279 5,472,096	10,230,162 18,677,026	10 750 000	3,189,297	18,794,986	5,550,000 130,488,908	\$1,734,354,852	\$24,167,360,852	5180,300,000 1,453,047 917,300	\$192,670,347 \$24,360,031,199
Estimated 1981-82	Special funds	47,222,279 5,472,096	15,785,669		1,800	7,075,000	93,963,187	\$1,006,025,942	\$3,404,424,175	-\$169,948 -17,942,027 -45,100,000 -881,989	- \$64,093,964 \$3,340,330,211
	General Fund .	1 1	10,230,162 2,891,357	000 031 01	3,187,497	11,719,986	36,525,721	\$728,328,910	\$20,762,936,677	\$169,948 17,942,027 45,100,000 881,989 180,300,000 1,453,047 917,300	\$256,764,311
	Total	43,172,359 5,472,096	9,681,646 17,473,078	17 500 000	3,482,448	16,804,301	104,638,028	\$1,786,393,846	\$21,928,823,846	276,200,000 1,862,261	\$278,062,261
Estimated 1980-81	Special funds	43,172,359 5,472,096	14,719,405	1	1,800	000'0/0'/	76,206,594	\$929,112,937	\$3,189,393,751	-\$20,095,526 -16,713,000 -1,082,923	-\$37,913,449 \$3,151,480,302
	General Fund	1 1	9,681,646 2,753,673	17 500 000	3,480,648	9,734,301	28,431,434	\$857,280,909	\$18,739,430,095	\$20,095,526 16,735,000 1,082,923 276,200,000 1,862,261	\$315,975,710
	Total	41,346,817 5,094,182	9,509,913 16,694,756	16 177 911	956'068'6	13,763,142	4,602,585	\$1,585,203,706	\$20,642,620,240	5276,200,000	\$276,200,000
Actual 1979-80	Special funds	41,346,817 5,094,182	13,574,224	•	315,509	657'690'/	89,439,098	\$777,690,921	\$2,975,088,161	-\$39,956,937 	-\$40,874,932 \$2,934,213,229
	General Fund	1 1	9,509,913	16 177 91	9,575,447	6,6/3,903	4,002,383 28,773,160	\$807,512,785	\$17,667,532,079	\$39,956,937 917,995 276,200,000	\$17,984,607,011
	Sources	Penalties on Traffic Violations	Secretary of State—Fees and Miscellaneous Public Utilities Commission	Proceeds Under Unclaimed Property Tax In-	Sales of State Property	State Beach and Park Service Fees	Cautornia Exposition and State Fair Not Otherwise Classified	TOTALS, OTHER REVENUES	TOTALS, REVENUES	OTHER INCOME—TRANSFERS Construction Inspectors Registration Board Fund Driver Training Penalty Assessment Fund Energy and Resources Fund Fair and Exposition Fund Forest Revenue Sharing Fund Forest Resources Improvement Fund Racetrack Security Account, Special Deposit Fund University of California Teaching Hospital Revolvino Fund Revolvino Fund	TOTALS, OTHER INCOME

Not recorded as reduction in special funds as these funds are nongovernmental cost funds and receipts are not included in budget totals.

		Selected Bond funds	1 1 1			1 1 1	'	11111	t	,	111		1 1 1 1 1		
FUND	1981-82	Budget Total	\$27,737,300 44,024,024 21,257,978	\$93,019,302 660,000 8,542,852 378,921	\$102,647,237	\$32,180,372 940,031 14,000	\$33,134,403	\$4,858,353 812,842 1,021,422 3,651,165 1,160,934	638,260 169,538	1	788,003 3,984,730 8,912,365	\$25,997,612	\$992,447 96,942,871 43,279,173 68,181,207 10,479,209	10,850 3,192,492 \$223,078,249 \$249,075,861	1
NIT AND	Estimated 1981-82	Special	\$847,753 294,899	51,142,652	\$1,142,652	\$49,300	\$49,300	\$599,281	1 1	1 1	278,920	\$1,453,201	\$12,929,552 1,960,379 3,547,616	\$18,437,547 \$19,890,748	\$384,857,501
CHARACTER, FUNCTION, ORGANIZATION UNIT AND FUND		General Fund	\$27,737,300 43,176,271 20,963,079	\$91,876,650 660,000 8,542,852 378,921	\$101,504,585	\$32,131,072 940,031 14,000	\$33,085,103	\$4,858,353 812,842 422,141 3,651,165 1,160,934	638,260) (788,003 3,705,810 8,337,365	\$24,544,411	\$92,447 84,013,319 41,318,794 64,633,591 10,479,209	10,850 3,192,492 \$204,640,702 \$229,185,113	\$21,082,700
ORGANIZ		Selected Bond funds	111			111	'	1111	1 1	1 1	1 + 1	1	1111		\$363,774,801
NCTION,	190-81	Budget	\$23,567,119 38,244,601 18,243,378	\$80,055,098 660,000 8,159,717 372,242 43,142	\$89,290,199	\$27,347,245 1,031,264 14,000	\$28,392,509	\$4,495,083 800,290 1,191,259 2,250,577 1,093,201	602,220 153,549	1 1	768,011 3,180,048 4,092,951	\$18,627,189	\$988,731 94,295,833 40,530,339 66,640,900 9,592,516	9,226 2,977,504 \$215,035,049 \$233,662,238	1
CTER, FU	Estimated 1960-81 Estimated 1960-81	Special funds	-\$382,862 317,337 813,893	\$748,368	\$748,368	\$49,200	\$49,200	\$979,315	1 1	1 1	10,000	\$1,339,315	\$13,047,801 1,844,821 3,196,137	\$18,088,759	\$351,344,946
Y CHARA	373-00, 13	General Fund	\$23,949,981 37,927,364 17,429,485	8,159,717 660,000 8,159,717 372,242 43,142	\$88,541,831	\$27,298,045 1,031,264 14,000	\$28,343,309	\$4,495,083 \$00,290 211,944 2,250,577 1,093,201	602,220 153,549	1 1	768,011 3,170,048 3,742,951	\$17,287,874	\$988,731 81,248,032 38,685,518 63,444,763 9,592,516	9,226 2,977,504 \$196,946,290 \$214,234,164	\$20,225,642
	ראוני	Selected Bond funds	1 1 1	11111	1	1 1 1	1	1111	, ,	1 1	1 1 1	•	1 1 1 1 1		\$331,119,304
EXPENDI	08-616	Budget Total	\$18,765,609 32,196,749 13,610,925	\$64,573,283 605,470 7,298,521 328,997 38,844	\$72,845,115	\$24,071,947 743,795 14,000	\$24,829,742	\$3,430,794 420,537 684,711 1,454,375 964,770	141,111	1 1	594,598 2,601,699 3,054,386	\$13,455,516	\$950,776 81,359,252 33,307,872 57,501,479 9,532,686	3,461 2,134,253 \$184,789,779 \$198,245,295	\$295,920,152
MENT OF	Actual 1979-80	Special funds	\$142,640 1,657,325 1,688,434	53,488,399	\$3,488,399	\$44,743 - -	\$44,743	5597,630 - -	1 1	1 1	372,146	911,696\$	\$11,378,268 1,713,437 3,105,110	\$16,196,815	\$20,699,733
E STATE		General Fund	\$18,622,969 30,539,424 11,922,491	\$61,084,884 605,470 7,298,521 328,997 38,844	\$69,356,716	\$24,027,204 743,795 14,000	\$24,784,999	\$3,430,794 420,537 87,081 1,454,375 964,770	141,111	1 1	594,598 2,601,699 2,682,240	\$12,485,740	\$950,776 69,980,984 31,594,435 54,396,369 9,532,686	3,461 2,134,253 \$168,592,964 \$181,078,704	\$275,220,419
COMPARATIVE STATEMENT OF EXPEN		STATE OPERATIONS LEGISLATIVE/JUDICIAL/EXECUTIVE	Legislature: Legislature: Senate Assembly Joint Expenses	Totals, Legislature Contributions to Legislators' Retirement Fund Legislative Coursel Bureau Law Recision Commission Commission on Uniform State Laws	Totals, LegislativeJudicial:	Judiciary Contributions to Judges' Retirement Fund National Center for State Courts	Totals, Judicial	Secretary for State and Consumer Services Secretary for Business and Transportatioo Secretary for Health and Welfare Secretary for Resources Secretary for Petablic And Adult Correctional	Agency Office for Citizen Initiative and Voluntary Action Governor's Council oo Wellness and Physical Fit-	Southwest Border Regional Commission	Office of Employee Relations	Totals, Governor Constitutional Offices	Office of the Lieutenant Governor Department of Justice State Controller. State Board of Equalization Scretary of State. Commission on Volum Machines and Vote Tahu.	State Treasurer Totals, Constitutional Offices TOTALS, LEGISLATIVE/JUDICIAL/	EAECUINE

COMPARATIVE STATEMENT OF EXPENDITURES BY CHARACTER, FUNCTION, ORGANIZATION UNIT AND FUND FUND FIND FUND FIND FUND FIND FUND FISCAL YEARS 1979–80, 1980–81, AND 1981–82—Continued

	Selected Bond funds	•		1 1	1 1	1 1			1 1	1	'	1 1	•		,		1 1	•	1 1	'	1 1		1 1	1	111	4 1		
981-82	Budget Total	\$4,497,337	1,861,945	3,976,047	443,663	1,620,448	14,486,937	1,808,241	859,931 615,684	21,728 563,295	470,503	181,097	1,128,995	10,663,987	216,586	1,626,494	1,540,318	475,580	1,629,043	474,816	1,772,029	\$55,098,889	3,770,771	15,948,210	23,095,681	2,712,319	\$19,734,103	\$208,834,989
Estimated 1981–82	Special funds	'	\$1,861,945	3,976,047	443,663	1,620,448	14,486,937	1,808,241	859,931 615,684	21,728 563,295	470,503	181,097	1,128,995	10,663,987	216,586	1,626,494	1,540,318	475,580	1,629,043	474,816	1,772,029	\$53,143,301	1 1	9,542,279	1)	1 1	'	\$62,685,580
	General	\$4,497,337	1 1	508,255		1 1 1	1 1	1 1	1 1	1 1	1	23.455	1	1 1	1	ł I	1 1	ŧ	1 1	1	1,423,878	\$1,955,588	3,770,771	6,405,931	23,095,681	2,712,319	\$19,734,103	\$146.149,409
	Selected Bond funds	1	1 4	1-1	1 1			1 1		1 1	1	1 1	1	1 1	1	1 1		1	1 1	1	1 1	1 1	1 1	1	1.1	1 1		
18-086	Budget Total	\$3,456,767	1,403,695	3,596,680	357,611	1,501,722	13,023,662	1,584,284	803,203 441,490	21,389 538,848	438,565	127,539	1,003,037	9,792,765	205,076	1,527,169	1,427,015 2.585,143	132,668	1,395,005	424,907	1,594,597	\$49,741,994	3,730,114	15,188,309	22,044,149	3,086,147	\$19,276,890	\$204,749,905
Estimated 1980-81	Special funds	1	\$1,403,695	3,596,680	357,611	1,501,722	13,023,662	1,584,284	803,203 441,490	21,389 538,848	438,565	127,539	1,003,037	9,792,765	205,076	1,527,169	1,427,015	132,668	1,395,005	424,907	1,594,597	\$47,973,976	1 1	8,625,449	1 1	1 1		\$56,599,425
	General Fund	\$3,456,767	1 1	491,746	1 1 1	1 1 1	I I			1 1	•	22.045			1		1 1	ı	1 1	1	1,254,227	\$1,768,018 5,963,255	3,730,114 85,129,239	6,562,860	22,044,149 219,188	3,086,147	\$19,276,890	\$148,150,480
	Selected Bond funds	1	1 1	1 1	1 1	1 1 1	1 1			1 1	•	i i	1	1 1	đ l	1 1	1 1	1	1 1	,	1 1	' '	1 1	1 1	f 1	1 1		
08-62	Budget	\$2,827,604	1,189,787	3,020,701	315,104	1,162,523	9,986,845	1,267,967	306,081	13,794	372,071	114,356	871,713	8,210,911	125,735	1,282,811	1,303,003	104,531	1,228,409	306,046	1,384,210 970,309	\$40,340,750 2,481,181	2,948,561 74,540,276	11,158,315	20,491,584 344,763	2,443,607	\$16,019,021	\$171,152,055
Actual 1979-80	Special funds	ı	\$1,189,787 694,351	3,020,701	315,104	1,162,523	9,986,845	1,267,967	306,081	13,794	372,071	114,356	871,713	8,210,911	125,735	1,282,811	1,303,003	104,531	136,133	306,046	1,384,210	\$38,912,012	1 1	6,036,912	1 1	1 1		\$44,948,924
	General Fund	\$2,827,604	1 1	445,211	1 1 1		1 1			1 1	•	13,218		1	1 1		1 1	1	1 1	1	970,309	\$1,428,738 2,481,181	2,948,561 74,540,276	5,121,403	20,491,584	2,443,607	\$16,019,021	\$126,203,131
		STATE AND CONSUMER SERVICES AGENCY Museum of Science and Industry Prostructs of Consumer Affairs	Board of Accountancy Board of Architectural Examiners	Athletic Commission Bureau of Automotive Repair Board of December 1	Board of Baroer Examiners Gonard of Balavioral Science Examiners	Bureau of Collection & Invest Serv	Contractors' State License Board	Board of Dental Examiners	Bureau of Enctrone and Appliance Repair Bureau of Employment Agencies	Nurses Registry	Board of Funeral Directors and Embalmers Board of Registration for Geologists and Geophysi-	cists. Board of Guide Dogs for the Blind	Bureau of Home Furnishings	Board of Medical Quality Assurance Roard of Framiners of Nursine Home Administra-		Board of Pharmacy	Board of Registration for Professional Engineers Board of Registered Nursing	Certified Shorthand Reporters Board	Tax Preparers Program	Board of Examiners in Veterinary Medicine Board of Vocational Nurse and Psychiatric Techni-	cian Examiners Consumer Affairs Division	Totals, Department of Consumer Affairs Department of Fair Employment and Housing	Office of the State Fire Marshal Franchise Tax Board	Department of General Services	State Personnel Board	Department of Veterans Atlairs: General Activities	Totals, Department of Veterans Affairs	TOTALS, STATE AND CONSUMER SERVICES

COMPARATIVE STATEMENT OF EXPENDITURES BY CHARACTER, FUNCTION, ORGANIZATION UNIT AND FUND FUND FISCAL YEARS 1979–80, 1980–81, AND 1981–82—Continued

		. Actual 1979-80	08-60			Estimated 1980-81	980-81			Estimated 1981-82	281-82	
	General	Special funds	Budget Total	Selected Bond funds	General Fund	Special funds	Budget Total	Selected Bond funds	General Fund	Special funds	Budget Total	Selected Bond funds
BUSINESS, TRANSPORTATION, AND HOUSING												
Desires. Department of Alcoholic Beverage Control	\$12,237,308	1)	\$12,237,308	1 1	\$13,358,813	1 1	\$13,358,813	1 1	\$13,497,394	1 (\$13,497,394	1 1
State Banking Department		\$4,351,370	4,351,370	ı		\$5,811,800	5,811,800	1	1	\$6,026,065	6,026,065	
Department of Corporations Department of Economic and Business Development	6,337,718 4,939,107	1 1	6,337,718 4,939,107	1 1	8,834,000 7,554,695	1 1	8,834,000 7,554,695	1 1	9,035,796	1 (9,035,796	1
Department of Internace	9,865,148	365.380	9,865,148	1 1	13,448,090	1,251,633	14,699,723	1 1	11,170,658	691.749	11,170,658	1 1
Riot and Civil Disorders Insurance Department of Real Estate	-1,876,904	11.954.188	-1,876,904	1 1	1 1	15,775,500	15,775,500	1 (16,627,456	16,627,456	1 (
Department of Savings and Loan.	1 00 000 000	5,630,460	5,630,460		1 000 110 130	6,960,704	6,960,704	'	- 20 000 000	7,157,617	7,157,617	
Totals, BusinessTransportation:	\$40,233,686	\$22,301,398	\$62,535,084	ı	823,035,099	\$30,239,194	\$83,292,893	ı	355,005,552	\$30,202,887	\$63,306,439	•
California Transportatioo Commissioo	1 1	751,822 4,045,000	751,822 4,045,000	1 1	1 1	1,003,395	1,003,395	1 1	1 1	1,050,988 200,000	1,050,988	
Department of TransportationOffice of Traffic Safety		509,347,023	509,347,023	1 1	1 1	541,714,415	541,714,415	1 1	1 1	552,038,515 221,007	552,038,515	
Department of the California Highway Patrol Department of Motor Vehicles	96,849	264,788,621	264,788,621	1 1	206,663	288,716,495	288,716,495	1 1	253,681	296,174,461 184,900,049	296,174,461 185,153,730	
Traffic Adjudication Board Teale Consolidated Data Center	1 1	1 1	1 1	1 1	2,923,000	1,258,653	1,258,653	1 1	1 1	1,387,374	1,387,374	1 1
Totals, Transportation	\$96,849	\$939,795,740	\$939,892,589		\$3,129,663	\$1,019,104,327	\$1,022,233,990		\$253,681	\$1,035,972,394	\$1,036,226,075	i
TOTALS, BUSINESS, TRANSPORTATION, AND HOUSING	\$40,330,535	\$962,097,138	\$1,002,427,673	1	\$56,162,762	\$1,049,364,121	\$1,105,526,883	1	\$53,319,233	\$1,066,475,281	\$1,119,794,514	'
2	\$674,463	;	\$674,463	ı	\$819,857	\$50,000	\$869,857	1	\$834,007	1	\$834,007	•
Eovironmental Protectioo Program State Assistance Fund for Energy, California Business	ı	\$63,000	63,000	1	1	1	'	1	1	'	'	
Industry Development	1 1	1 1	1 1	1 1	2,500,000	-1,750,000 200,000	200,000	1 1	1 1	52,500,000	2,500,000	
California Conservatioo Corps	14,396,934	1	14,396,934	1	22,139,503	353,881	22,493,384	ı	26,611,850	1,004,754	27,616,604	1
Commissioo Renewable Resources Iovestmeot Program	24,500,000	8,030,084	32,530,084	1 1	10,000,000	44,183,149	54,183,149 660,000	1 (1 1	29,956,645 660,000	29,956,645 660,000	
Solid Waste Management Board	-1,777,947 3,513,572	14,164,946 32,981,940	12,386,999 36,495,512	1 1	903,055 4,676,673	13,978,670 37,540,404	13,075,615	1 1	-918,265 4,928,423	14,691,093 40,307,457	13,772,828 45,235,880	1 1
Colorado Kiver Board of California Department of Conservation	151,519 8,162,578	1,161,566	9,324,144	1 (171,199	3,697,775	171,199	1 1	173,666 9,183,197	3,490,838	12,674,035	
Department of Forestry State Lands Commission	105,269,792 5,735,986	752,698	106,022,490 5,735,986	1 1	124,277,881	1,252,321 435,000	125,530,202	1 1	114,121,103	6,481,027	7,157,463	
Seismic Sately Commission Department of Fish and Game	377,052 4,693,863	32,394,597	37,088,460	1 1	1,136,649 5,157,640	38,970,508	1,136,649 44,128,148	1 1	346,498 5,346,848	44,188,074	346,498 49,534,922 303,494	• •
Pepartment of Boaing and Waterways. California Coastal Commissioo.	238,749	12,000	238,749 5,375,473	1 (1	263,720 6,083,612	179,384	263,720 263,720 6,262,996		268,581 5,918,268	50,000 50,000 188,600	318,581	1 1 1
State Coastal Conservancy Department of Parks and Recreation Division of Favorities and State Est.	56,596,108	3,905,275	60,501,383	1 1	66,066,307	7,197,677	73,263,984	1 1	68,489,114	9,804,604	78,293,718	591,731
Santa Monica Mountains Conservancy San Francisco Bay Conservancy and Development	100,000	ood-ood	100,000	1 1	300,647	000,004	300,647		315,219	- Colons	315,219	•
Commission. Department of Water Resources State Water Resources Cootrol Board	623,103 21,549,667 10,434,450	216,138	623,103 21,765,805 10,434,450	\$4,994,561	749,898 23,811,046 13,679,802	3,472,059	749,898 27,283,105 13,679,802	55,691,120	814,708 21,680,900 14,783,181	3,859,000	814,708 25,539,900 14,783,181	- - \$6,138,353
TOTALS, RESOURCES AGENCY	\$278,451,702	\$94,134,875	\$372,586,577	\$4,994,561	\$305,641,379	\$151,042,160	\$456,683,539	\$5,691,120	\$288,795,214	\$157,840,586	\$446,635,800	\$6,730,084

COMPARATIVE STATEMENT OF EXPENDITURES BY CHARACTER, FUNCTION, ORGANIZATION UNIT AND FUND FUND FISCAL YEARS 1979–80, 1980–81, AND 1981–82—*Continued*

	Selected Bond funds	1 1	1	1 1	1 1	1 1	1 1	1 1 1	'		1 1	1 1	• •	ı		1	1 1	'	ı	1 1	1	1-1	1 1	ı	1 1	1
981-82	Budget	1 (188,964	5,048,002	140,746	15,700,234	75,355,802 47,677,382	18,906,066 49,320,058 2,700,530	\$331,545,427		\$383,491,599 319,141	2,467,940	061,158,851	\$550,746,139		\$70,673,834	1 1	\$70,673,834	\$99,382	3,402,735	\$74,175,951	\$2,198,867	7,438,485 936,622,095	3,284,392	4,101,359 84,982,561	\$2,137,197,989
Estimated 1981-82	Special funds	1.1	071 000 0	701,700,4	1 1 7 00 00	15,520,247	5,651,181	2 700 530	\$24,864,375		1 1	1 100	44,125	\$42,125		\$792,048	1 1	\$792,048	1	\$3,402,735	\$4,194,783	\$17,336,182	7,952,069	1	160'165	\$25,879,342
	General Fund	1 1	188,964	5,048,002	140,746	15,547,586	75,355,802	18,906,066	\$306,681,052		\$383,491,599 319,141	2,467,940	136,809,000	\$550,704,014		\$69,881,786	1 1	\$69,881,786	\$99,382	1 1	\$69,981,168	\$2,198,867	7,438,485 928,670,026	3,284,392	3,510,268 84,982,561	\$2,111,318,647
	Selected Bond funds	1 1	•		1 1	1 1	1 1	1 1 1	'		1 1	1 1	' ' 	•		'	1 1	 	ı	1 1	'	1.1	1 1	•	1 1	
1980-81	Budget	1 1	94,482	1,695,895	115,189	15,435,370	38,896,568	19,278,862 51,325,252 2,421,896	\$306,037,546		\$352,187,193 409,471	2,370,240	26,039	\$513,526,147		\$31,770,169	6,304,805 29,673,543	\$67,748,517	\$105,120	3,343,308	\$71,196,945	\$2,112,413	6,799,742 936,521,673	3,180,364	3,762,515 81,604,642	\$2,091,297,108
Estimated 1980-81	Special funds	1 1	7 784 540	25,000	1 10000	4,6/2,245	5,422,539	2 421 896	\$14,626,249		\$100,000	1 1	J T	\$100,000		1	1 1	1	1	\$3,343,308	\$3,343,308	\$10,000	3,919,339	1	417,175	\$20,641,573
	General Fund	1 1	94,482	268,079,1	115,189	15,435,370	74,050,729 33,474,029	19,278,862 51,325,252	\$291,411,297		\$352,187,193 309,471	2,370,240	26,039	\$513,426,147		\$31,770,169	6,304,805 29,673,543	\$67,748,517	\$105,120	1 1	\$67,853,637	\$2,102,413	6,799,742 932,602,334	3,180,364	3,345,340 81,604,642	\$2,070,655,535
	Selected Bond funds	1 1	1		1 1	1 1	1 1	1 1 1	'		1 1	I P	1 1	ı		1	1 1	1	ı	1 1	'	1.1	1 1	1	1 1	
08-626	Budget Total	1 1	- 054 636 6	6,631,398	90,596	10,184,818	64,833,435 25,798,112	16,835,533 40,165,050 2,051,787	\$244,271,260		\$299,647,651	4,393,537	133,822,173	\$438,826,247		\$25,483,737	5,265,928 24,343,846	\$55,093,511	\$63,213	3,176,547	\$58,333.271	\$1,824,288	5,251,234 814,453,008	2,659,724	3,259,752 73,679,460	\$1,803,717,161 \$1,862,050,432
Actual 1979-80	Special funds	1 +	1 000 1	20,000	1 1 20 20 20 20 20 20 20 20 20 20 20 20 20	1,474,833	4,037,156	787 1787	\$9,513,226		1 1	1 1	1 1	1		'	1 1	1	ı	\$3,176,547	\$3,176,547	\$639,138	1 1	1	391,273	\$1,030,411
	General	1 1	- 0007371	6,581,398	965'06	67,561,769	64,833,435	16,835,533	\$234,758,034		\$299,647,651	4,393,537	133,822,173	\$438,826,247		\$25,483,737	5,265,928 24,343,846	\$55,093,511	\$63,213	1 1	\$55,156,724	\$1,824,288	5,251,234 814,453,008	2,659,724	2,868,479	\$1,802,686,750 \$1,857,843,474
		HEALTH AND WELFARE AGENCY State Council Developmental Disabilities	Emergency Medical Services Authority	Once Statewide Health Flamming—Levelopment Department of Aging	Governor's Advisory Committee—Child Care	Department of Health Services	Department of Mental Health	Department of Rehabilitation	TOTALS, HEALTH AND WELFARE AGENCY	YOUTH AND ADULT CORRECTIONAL AGENCY	Department of Corrections	Board of Prisoo Terms Youthful Offender Parole Board	Department of the Youth Authority	TOTALS, YOUTH AND ADULT CORRECTIONAL AGENCY AGENCY	EDUCATION K through 12	Department of Education: General Activities	State Library Special Schools	Totals, Department of Education	California Advisory Council on Vocational Educa- tion and Technical Training	Committee	Totals, K through 12 Education	Higher Education: California Postsecondary Education Commissioo University of California	Hastings College of Law California State University and Colleges	California Maritime Academy	Colleges Student Aid Commission	Totals, Higher EducationTotals, EDUCATION

		Actual 1979-80	08-62			Estimated 1980-81	18-086			Estimated 1981-82	281-85	
	General	Special	Budget Total	Selected Bond funds	General	Special	Budget	Selected Bond finds	General	Special	Budget	Selected
OTHER GOVERNMENTAL UNITS Civil and Criminal Justice										9		Pond rangs
Office of Criminal Justice Planning	\$1,615,147	1	\$1,615,147	1	\$3,148,472	\$35,000	\$3,183,472	1	\$2,081,035	\$449,514	\$2,530,549	•
ing	5 559 732	\$2,353,619	2,353,619	1	7 305 470	3,036,661	3,036,661	1	1 00 00 0	3,876,957	3,876,957	•
Administration and Payment of Tort Liability	and code		201100010	1	97±'000''	1	0740061	}	66,686,	ı	7,585,955	•
Claums	240'/89	571,161	1,258,203	'	1,090,000	80,000	1,170,000		200,000	1	200,000	
lotals, Civil and Criminal Justice	\$7,861,921	\$2,924,780	\$10,786,701	1	\$11,544,900	\$3,151,661	\$14,696,561	1	\$10,166,990	\$4,326,471	\$14,493,461	,
Commission for Ecoomic Development	271,616	1	271,616	1	320,039	1	320,039	1	325,621	1	325,621	
Totals, Commerce	\$271,630	' '	\$271,630	' '	\$320,039	' '	\$320.039	' '	169 5688		109503	
Cultural Devalorment											100000	
California Arts Council	6,940,206 167,621 666,088	1 1 1	6,940,206 167,621	1 1 1	10,335,632 205,075	1 1	10,335,632 205,075	1 1	10,005,533	1 1 8	10,005,533	
Totals, Cultural Development	\$1,773,915	1	\$16,577,78		\$11,315,973	' '	\$11,315,973	' '	\$12,469,754	\$100,000	\$12,569,754	
Labor Agricultural Labor Relations Board Public Employment Relations Board Department of Iodustrial Relations Workers Compensation Perpetits	7,101,453 3,325,884 61,932,335	1 1 1	7,101,453 3,325,884 61,932,335	1 1 1	9,059,385 4,393,732 72,223,418	1 1 1	9,059,385 4,393,732 72,223,418	1 1 1	9,270,793 5,687,991 71,685,179		9,270,793 5,687,991 71,685,17	,,,,
Ininsured Employers Fund Subsequent Iojuries. Totals, Workers Compensation Benefits	2,218,212	2,313,438	4,531,650		2,625,000 2,400,000 85,025,000	2,200,000	2,625,000 4,600,000	1 1 1	4,210,578 2,745,000	2,200,000	4,210,578 4,945,000	
Totals, Labor	\$74,577,884	\$2,313,438	\$76,891,322	1	9\$0,701,535	\$2,200,000	\$92,901,535		\$93,599,541	onional a	\$95,799,541	
Regulatory Board of Chiropractic Examiners Board of Steopathic Examiners Board of Pilot Commissioners California Horstacing Board Description of Ecological Association	1 1 1 100	364,534 241,710 43,532 1,451,453	364,534 241,710 43,532 1,451,453	1 4 1 1	1111	222,272 392,347 63,228 1,939,589	222,272 392,347 63,228 1,939,589	1 1 1 1	1111	405,613 253,148 61,629 1,978,998	405,613 253,148 61,629 1,978,998	
Fair Political Practices Commission. Political Reform Act of 1974 Public Utilities Commissio State Bar of Odificinia	26,081,323 1,529,346 1,805,504 17,044,550	18,635,968	44,715,293 1,529,346 1,805,504 27,741,110	1111	32,561,422 1,743,402 2,251,247 18,881,551	23,603,067	56,164,489 1,743,402 2,251,247 33,717,764	1111	31,505,155 1,762,984 2,327,323 18,820,300	35,554,574 _ _ 16,466,592	67,059,729 1,762,984 2,327,323 35,286,892	
Totals, Regulatory	\$46,485,925	\$31,431,757	\$77,917,682	'	\$55,462,622	\$41,056,716	\$6,519,338		\$54,440,762	\$54,720,554	\$109,161,316	
General Administratioo Board of Cootrol Indemnification of Private Citizens Commission oo State Finance California Info Systems Implementation Comm. Commission oo Chte Californias Commission oo Chte Californias	523,380 5,148,145 119,657 48,453 80,742	2,346,869	523,380 7,495,014 119,657 48,453 80,742		685,574 2,716,666 573,564 55,816 106,707	5,501,947	685,574 8,218,613 573,564 55,816 106,707	1111	970,033 - 691,400 56,818 140,878	11,769,623	970,033 11,769,623 691,400 56,818 140,878	11111
nizatioo and Economy	179,275 78,964	1.1	179,275 78,964	1 1	203,413	1 1	203,413	1.1	210,012 79,014	1 1	210,012	' '

COMPARATIVE STATEMENT OF EXPENDITURES BY CHARACTER, FUNCTION, ORGANIZATION UNIT AND FUND FUND FISCAL YEARS 1979–80, 1980–81, AND 1981–82—Continued

		Actual 1979-80	08-64			Estimated 1980-81	1980-81			Estimated 1981-82	281-82	
	General	Special funds	Budget Total	Selected Bond funds	General Fund	Special funds	Budget Total	Selected Bond funds	General Fund	Special funds	Budget Total	Selected Bond funds
Commission on the Status of Women Department of Finance California Fiscal Information System Office of Administrative Law	275,517 9,731,360 2,921,902	1111	275,517 9,731,360 2,921,902	1111	380,646 11,634,708 7,827,337 2,000,000	000'000'1	380,646 11,634,708 7,827,337 3,000,000	1111	407,001 12,189,493 10,640,781	1111	407,001 12,189,493 10,640,781	1 11
Santa Monica Mountains Comp Planning Commission Military Department Totals, General Administration Totals, Other Governmental Units	11 10,752,138 \$29,859,544 \$166,830,819	37,461 - \$2,384,330 \$39,054,305	37,472 10,752,138 \$32,243,874 \$205,885,124		14,887,945 \$41,151,390 \$210,496,459	\$6,501,947 \$52,910,324	14,887,945 \$47,653,337 \$263,406,783	1 1 1 1 1	\$39,460,574 \$39,460,574 \$210,463,242	573,116,648	\$51,230,197 \$1,230,197 283,579,890	
Debt Service Bond Interest and Redemption	29,879,260 10,274,276 -6,250	327,496	29,879,260 10,601,772 -6,250		\$212,011,134 38,774,000 759,545 -6,250	341,831	38,774,000 1,101,376 -6,250	1 111	\$231,273,340 41,219,000 -6,250		\$231,273,340 41,219,000 -6,250	1 1 1 1
Unallocated Augmentation for Employee Compensation Augmentation for Pitch Increases Cootrol/Replacement of PCB in State Facilities. Reserve for Cootingencies or Emergency Development of Information Technology. Augmentation for Office of Administrative Law Services.				11111 1	139,177,647	50,663,720 1,442,920 1,312,949	189,841,367 1,442,920 2,408,396		9,565,000 30,000,000 1,500,000 5,000,000	2,862,000	12,427,000 30,000,000 3,000,000 5,000,000 3,400,000	
Savings General Fund Credits from Special Funds General Fund Credits from Federal Funds General Funds Ferinand Unidentifiable Savines	-36,816,260 -8,946,832	1	-36,816,260 -8,946,832		\$140,273,094 -36,345,349 -9,600,000 -30,000,000	\$53,419,589	- \$193,692,683 - 36,345,349 - 9,600,000 - 30,000,000		\$48,365,000 - 48,729,620 - 15,100,000 - 30,000,000	\$5,462,000	\$53,827,000 -48,729,620 -15,100,000 -30,000,000	
TOTALS, OTHER GOVERNMENTAL SERVICES TOTALS, STATE OPERATIONS	-45,763,092 \$191,431,508 \$3,609,895,869	\$327,496	-45,763,092 \$191,759,004 \$4,784,878,524	- 54,994,561	-75,945,349 \$315,866,174 \$4,310,783,174	\$53,761,420 \$1,422,614,222	\$369,627,594 \$5,733,397,396	\$5,691,120	-93,829,620 \$227,021,470 \$4,328,208,250	\$5,462,000 \$1,441,643,420	93,829,620 \$232,483,470 \$5,769,851,670	\$6,730,084
CAPITAL OUTLAY LEGISLATIVE/IUDICIAL/EXECUTIVE Legislative Legislature: Logislature: Legislature:	ı	\$15,345,733	\$15,345,733	1	\$8,028,542	\$19,560,890	\$27,589,432	1	ı	ı	1	1
Judicial Executive Governor Office of Planning and Research	\$242,000	1 1	242,000	1 1	000'009	75,000	000'529	1 1	1 1	5495,788	5495,788	ŧ 1
Office of the Lieutenant Governor Department of Justice State Cootroller State Board of Equalization Servetary of State	22,635	1 1 1 1 1	22,635	11111	1 1 1 1 1	25,000 29,430 1,500 20,000	25,000 29,430 1,500 20,000	1 1 1 1 1	1 1 1 1 1	50,000 93,300 95,000 48,115	50,000 93,300 95,000 48,115	1 1 1 1 4
Totals, Executive TOTALS, LEGISLATIVE/JUDICIAL/ EXECUTIVE EXECUTIVE	\$32,135	\$15,345,733	\$32,135		\$8,628,542	\$75,930 \$75,930 \$19,711,820	\$75,930	1 1 1		\$236,415 \$286,415 \$782,203	\$236,415 \$286,415 \$782,203	1 1 1

COMPARATIVE STATEMENT OF EXPENDITURES BY CHARACTER, FUNCTION, ORGANIZATION UNIT AND FUND FUND FIND FUND

		Actual 1979, 80	70.80			10 Odd Laborita	2000					
	General Fund	Special funds	Budget	Selected Bond funds	General	Special	Budget	Selected Bond finds	General	Special Bu	Budget Total	Selected Band funds
STATE AND CONSUMER SERVICES AGENCY	000 074									COUNTY OF THE PARTY OF THE PART	Pio I	Dania Tanas
Muscum of Science and Industry Franchise Tax Board Comment Department of General Services	20,000		20,000 20,000 47,66,004	t t	1 1 60 61 64	\$119,000 14,072	\$119,000	1 1	1 1	\$1,073,500	\$1,073,500 96,399	1 1
State Personnel Board Department of Veterans Affairs.	5,813	-	5,813	1 1	- 23,133,623	39,000	39,000	1 1	1 1	67,447,948	67,447,948	1 1
General Activities Veterans' Home of California	215,354	1 1	215,354	1 1	1 1	144,200	144,200	1 1	1 1	277.888.1	247 585 1	1
Totals. Department of Veterans Affairs	\$215,354		\$215,354			\$378,841	\$378,841			\$1,555,775	\$1,555,775	
IOIALS, SIAIE AND CONSUMER SERVICES AGENCY	\$47,554,374	\$432,797	\$47,987,171	1	\$3,133,823	\$55,028,246	\$58,162,069	'	'	\$70,173,622	\$70,173,622	
BUSINESS, TRANSPORTATION, AND HOUSING Transportation:												
California Transportation Commission	1 1	\$178.051.728	- 877 178 051 778	1 1	1 1	\$30,000	\$30,000	1	1	- 100 173 173	1 60 63 63	1
Department of the California Highway Patrol Department of Motor Vehicles	1 1	2,198,622 6,537,570	2,198,622	1 1		5,582,957	5,582,957		ŧ I I	1,717,064	1,717,064	
Totals, Transportation		\$186,787,920	\$186,787,920			\$189,094,390	\$189,094,390	'		\$67,958,097	\$67,958,097	
TOTALS, BUSINESS, TRANSPORTATION, AND HOUSING	1	\$186,787,920	\$186,787,920	'	'	\$189,094,390	\$189,094,390	'	•	\$67,958,097	\$67,958,097	'
RESOURCES AGENCY												
California Conservation Corps	\$251,000 3,548,865	1 1	\$251,000 3,548,865	1 1	634,099	\$995,490 2,938,719	\$995,490 3,572,818	1 1	1 1	\$300,073 1,902,690	\$300,073	1 1
Department of Fish and Game Wildlife Conservation Board	119,146	2,911,586	3,030,732	- 25 915 291	890,751	5,548,916	6,439,667		1 1	1,000,000	1,000,000	1 1
Department of Boating and Waterways	' '	' '		1,255,538	1	035.035	035.035	2,264,359	1	190,000	190,000	\$295,400
Department of Parks and Recreation Division of Exposition and State Fair	430,610	38,312,496	38,743,106	74,344,768	20,444	91,951,495	91,971,939	107,844,931		29,756,491	29,756,491	1,659,818
Santa Monica Mountains Conservancy	1,175,761	28,587,685	29,763,446	200.614	3.510.492	1,000,000	1,000,000	- CO9 781	1 4	29 987 000	20 987 000	4,000,000
TOTALS, RESOURCES AGENCY	\$6,837,975	\$70,924,395	\$77,762,370	\$81,716,211	\$5,227,046	\$135,962,400	\$141,189,446	\$120,173,409		\$78,501,754	\$78,501,754	\$8,288,552
Health Welfare Consolidated Data Center	29977,667	'	199'1188	ı	1	1	1	1	•	1	1	1
Department of Health Services	680,528 78,351,679	1 1	680,528 78,351,679	1-1	\$10,699,123	\$979,628 88,488,971	\$979,628	1 1	' '	32,511,252	\$414,957 32,511,252	1 1
Employment Development Department Department of Rehabilitation	120,181,6	\$1,040,494	1,040,494	1 1 1	}	6,192,990	6,192,990	1 1	1 1 00	5,906,375 8,851,203	5,906,375 8,851,203	1 1
Department of Social Services TOTALS, HEALTH AND WELFARE AGENCY	\$83,090.901	\$1.040.494	584 [3] 395	' '	- 101 669 013	83,500	83,500		- 11,000		797 404 743	
YOUTH AND ADULT CORRECTIONAL											101111111111111111111111111111111111111	
AGENCY Department of Corrections	89,066,900	1	89,066,900	•	\$12,481,392	\$23,188,138	\$35,669,530	1	\$27,669,000	\$12,713,138	\$40,382,138	•
Department of Youth Authority	1,384,554	' '	1,384,554		145,701	1,884,225	2,029,926	1 3		2,561,606	2,561,606	.
AGENCYAGENCY	\$10,451,454	1	\$10,451,454	'	\$12,627,093	\$25,087,363	\$37,714,456	•	\$27,669,000	\$15,274,744	\$42,943,744	1

COMPARATIVE STATEMENT OF EXPENDITURES BY CHARACTER, FUNCTION, ORGANIZATION UNIT AND FUND FUND FISCAL YEARS 1979–80, 1980–81, AND 1981–82—Continued

		Actual 1979-80	29-80			Estimated 1980-81	18-086			Estimated 1981-82	781-82	
	General Fund	Special funds	Budget Total	Selected Bond funds	General	Special funds	Budget Total	Selected Bond funds	General Fund	Special funds	Budget	Selected Bond funds
EDUCATION K through 12 Education:												
Perial Intelligible Constant of London Constant of	\$34,950	\$851,710	\$886,660	1	1	•	1	1	1	•	1	1
right Education:	1	15,098,130	15,098,130	\$5,278,700	1	\$36,973,000	\$36,973,000	\$1,339,900	•	\$23,498,250	\$23,498,250	\$2,618,000
Hastings College of Law	20,200	16,063,680 152,084	16,083,880 152,084	373,117	111	29,545,741	29,545,741	25,853	111	22,052,650	22,052,650	
Board of Governors of California Community Colleges		5,227,400	5,227,400	2,357,400	1	12,088,250	12,088,250	'	1	19,463,000	19,463,000	640,500
Totals, Higher Education	\$20,200	\$37,167,294	\$37,187,494	\$8,009,217	1	\$80,356,775	\$80,356,775	\$1,365,753	1	\$65,291,400	\$65,291,400	\$3,258,500
IOIALS, EDUCATION	OCT COM	+00,010,000	tol't lo'ese	17,000,00	•	C L'accinon	C L'acc'ass	50,000,10	1	902,172,000	00+'167'co+	000,802,60
OTHER GOVERNMENTAL UNITS			•	1								8 5
Agricultural Labor Relations Board	\$6,202	1 1	\$6,202	1 1	1 1	\$20.000	\$20.000	1 1	1 1	\$80.650	\$80.650	
Totals, Labor	\$6,202		\$6,202	'		\$20,000	\$20,000			\$80,650	\$80,650	
Negulatory: Department of Food & Agriculture	\$1,939,829	1	\$1,939,829	1	\$8,865	\$528,556	\$537,421	1	1	\$222,000	\$222,000	•
	167,207		167,207			113,000	113,000	<u>'</u>	1	701,100	701,100	'
TOTALS, OTHER GOVERNMENTAL UNITS	\$2,113,238	1	\$2,113,238	•	\$8,865	\$661,556	\$670,421	•	•	\$1,003,750	. \$1,003,750	1
OTHER GOVERNMENTAL SERVICES Unallocated: Inallocated Canital Outlay	5233.753	1	\$233.753	1	\$18.188.613	00000008	\$18.488.613	. 1	ı	2400,000	2400 000	•
TOTALS, CAPITAL OUTLAY	086'019'051\$	\$312,550,343	\$463,161,323	\$89,725,428	\$58,513,105	\$617,668,531	\$676,181,636	\$121,539,162	\$27,680,000	\$347,069,357	\$374,749,357	\$11,547,052
LOCAL ASSISTANCE												
Judicial: Judiciary Contributions to Judes' Retirement Fund	\$2,239,835	1 1	\$2,239,835	1 1	\$2,588,408	1 1	\$2,588,408	1 1	\$2,688,408	1 1	\$2,688,408	
Salaries of Superior Court Judges	26,753,141	1 1	26,753,141	1 1	33,541,721) 1	33,541,721	1 1	32,522,200	1 1	32,522,200 8,460,000	1 1
Totals, Judicial	\$45,849,327		\$45,849,327	1	\$58,176,213		\$58,176,213	<u></u>	\$53,055,764		\$53,055,764	
EXECUTIVE: Governor: Secretary for Business and Transportation	1		1	1	1	1		1	'	1	'	1
Office of Planning and ResearchOffice of Emergency Services		27 407 636	- 27 407 636	1 1 1	\$21,000	\$650,000	\$671,000		\$21,000	\$400,000	\$421,000	
Totals, Governor		\$2,407,636	\$2,407,636	f	\$20,021,000	-\$4,109,862	\$11,1138	 	\$21,000	\$10,500,000	\$10,521,000	[
Secretary of State	\$15,909	1 1	\$15,909	1.1	\$135,000	1 1	\$135,000	1 1	\$135,000	1 1	\$135,000	1.1
Totals, Constitutional Offices	\$1,018,560	\$2,407,636	\$1,018,560		\$2,660,721	-\$4,109,862	\$2,660,721		\$958,500	\$10,500,000	\$958,500	
TOTALS, LEGISLATIVE/JUDICIAL/ EXECUTIVE	\$46,867,887	\$2,407,636	\$49,275,523	1	\$80,857,934	-\$4,109,862	\$76,748,072	1	\$54,035,264	\$10,500,000	\$64,535,264	ı

COMPARATIVE STATEMENT OF EXPENDITURES BY CHARACTER, FUNCTION, ORGANIZATION UNIT AND FUND FISCAL YEARS 1979-80, 1980-81, AND 1981-82—*Continued*

		Actual 1070 80	72 80			Ferimated 1980-81	18-080			Estimated 1981-82	281-82	
	General	Special	Budget	Selected Bond funds	General	Special funds	Budget Total	Selected Bond funds	General Fund	Special funds	Budget Total	Selected Bond funds
STATE AND CONSUMER SERVICES AGENCY Franchise Tax Board Department of General Services Interoperumental Personnel Act Advisory	\$9,113	\$614,567	\$9,113 614,567	1 1	\$25,000	54,814,818	\$25,000	1 1	1-1	\$7,059,621	\$7,059,621	1 1
Council Public Employees' Retirement System	7,421,723	1 1	7,421,723	1.1	11,511,439	1 1	11,511,439	1 1	10,979,840	1 1	10,979,840	1 1
Department of Veterans Arians: General Activities	840,000		840,000	1	840,000	1	840,000	1	840,000		840,000	'
TOTALS, STATE AND CONSUMER SERVICES AGENCY	\$8,270,836	\$614,567	\$8,885,403	1	\$12,376,439	54,814,818	\$17,191,257	•	\$11,819,840	\$7,059,621	\$18,879,461	ı
BUSINESS, TRANSPORTATION, AND HOUSING Business: Department of Corporations	- \$95 625,000	1 1	- \$95	1-1	\$3,780 1,700,000	1 1	\$3,780 1,700,000	1 1	\$3,780 1,700,000	1 1	\$3,780 1,700,000	1-1
Department of Housing and Community Development ment Totals, Business.	95,967,650		95,967,650		15,248,250		15,248,250		4,280,000		4,280,000	1 1
Transportation: Special Transportation Programs		\$53,072,184	\$53,072,184	1	1	\$80,751,259	\$80,751,259	•	ı	\$79,386,452	\$79,386,452	•
Department of Transportation: Transportation Planning Program Mass Transportation Program Aeronautics Frogram Helwav Transportation	1111	1,961,775 31,329,546 3,929,959 46,155,652	1,961,775 31,329,546 3,929,959 46,155,652	1111	1 1 1 1	2,031,500 105,856,000 5,325,851 35,860,121	2,031,500 105,856,000 5,325,851 35,860,121	1111	1 1 1 1	2,031,500 131,281,000 5,492,000 27,379,436	2,031,500 131,281,000 5,492,000 27,379,436	
Totals, Department of Transportation		\$83,376,932	\$83,376,932			\$149,073,472 \$229,824,731	\$149,073,472			\$166,183,936	\$166,183,936	
TOTALS, BUSINESS, TRANSPORTATION AND HOUSING	\$96,592,555	\$136,449,116	\$233,041,671	1	\$16,952,030	\$229,824,731	\$246,776,761	1	\$5,983,780	\$245,570,388	\$251,554,168	1
RESOURCES AGENCY California Tabee Regional Planning Agency Air Resources Board Humboldt Bay Fund Department of Boating and Waterways California Coastal Commission.	\$330,100 3,685,362 56,471 756,425	\$3,038,000 7,856,273	\$330,100 6,723,362 56,471 7,856,273 756,425	11111	\$415,650 4,033,000 65,000 756,425	\$3,311,420 9,700,000	\$415,650 7,344,420 65,000 9,700,000 756,425	1 1 1 1 1 1	\$448,245 4,033,000 35,000 756,425	53,311,420 10,235,000 1,500,000	\$448,245 7,344,420 35,000 10,235,000 756,425 1,500,000	16,000,000
Department of Parks and Recreation San Francisco Bay Conservation and Development Commission	13,947,725	7,237,282	21,185,007	\$18,753,439	12,255,083	9,694,309	21,949,392	\$18,582,627	10,000,000	11,400,000	21,400,000	2,006,988
Department of Water Resources State Water Resources Control Board TOTALS, RESOURCES AGENCY	7,306,600	- - - - - - - - - - - - - - - - - - -	7,306,600	13,100,650 66,439,583 898,293,672	\$22,548,158	- \$22,705,729	5,000,000	36,782,324 90,000,000 8145,364,951	5,000,000	2,000,000	\$,000,000 2,000,000 \$48,719,090	36,887,400 87,500,000 8142,394,388
HEALTH AND WELFARE AGENCY Office of Statewide Health Planning and Development ment Department of Alcohol and Drug Programs:	\$3,601,912	1	\$3,601,912	•	\$7,067,938	1	\$7,067,938	•	53,424,482	1	\$3,424,482	1 (
Alcoholism program	31,261,618		31,261,618 23,023,367		33,839,164	' '	33,839,164 28,167,823		28,167,823		28,167,823	
Totals, Department of Alcohol and Drug Programs	\$54,284,985	1	\$54,284,985	ı	\$62,006,987	ı	\$62,006,987	1	\$62,006,987	1	\$62,006,987	

COMPARATIVE STATEMENT OF EXPENDITURES BY CHARACTER, FUNCTION, ORGANIZATION UNIT AND FUND FUND FIND FUND FIND FUND FIND FIND FISCAL YEARS 1979–80, 1980–81, AND 1981–82—Continued

	Selected Bond funds	1111		11111		1 1	214,000		111111111111111
1981-82	Budget	\$2,676,944,151 410,943,784 34,791,050 180,000	\$3,122,858,985 \$512,190,316 \$02,142,136	\$1,051,005,000 1,215,955,900 3,728,800 144,214,938 6,463,700	\$2,539,918,981 \$6,742,541,887	\$9,313,000 46,975,000	46,600 1,533,300 63,369,646	\$65,163,546	\$147,623,342 2,374,768 500,000 162,015,803 54,720,000 4,073,132 15,265,796 673,866,570 707,655 300,416 1,043,894 25,090,339 5,288,570,670
Estimated 1981-82	Special funds	\$24,851,744	\$24,851,744 \$2,064,918 -	11111	\$26,916,662	\$6,975,000	11111	\$6,975,000	5500,000
	General Fund	\$2,676,944,151 386,092,040 34,791,050 180,000	\$3,098,007,241 \$510,125,398 \$02,142,136	\$1,051,005,000 1,215,955,900 3,728,800 144,214,318 6,463,700	\$2,539,918,981 \$6,715,625,225	\$9,313,000 40,000,000	46,600 1,533,300 214,000 63,369,646	\$65,163,546	\$147,623,342 2,374,768 162,015,803 34,720,000 4,073,132 15,265,796 673,866,500 - 707,656 300,416 1,043,864 25,090,339 5,270,360,670
	Selected Bond funds	1 1 1 1		11111		1 1	11111		
180-81	Budget Total	\$2,493,039,252 406,427,877 32,613,873 180,000	\$2,932,261,002 \$508,778,012 494,535,758	\$1,251,981,900 1,195,856,900 5,596,016 187,948,622	\$2,751,983,412 \$6,756,633,109	\$5,369,820 5,000,000	43,540 1,530,900 200,000 63,369,646 218,629 9,000,000	\$74,362,715	\$150,021,342 2,374,748 500,000 162,015,803 6,3772,000 4,073,132 11,265,796 645,000 645,000 42,600 42,600 42,600 42,600 42,600 42,64,752 821,364 34,613,006 1,007,226 5,827,756,470
Estimated 1980-81	Special funds	\$24,926,608 -	\$24,926,608 \$3,092,452	11111	28,019,060	25,000,000	111111	000'000'5\$	28,410,000
	General Fund	\$2,493,039,252 381,501,269 32,613,873 180,000	\$2,907,334,394 \$505,685,560 494,535,758	\$1,251,981,900 1,195,856,900 5,596,016 187,948,622	8,350,320 \$2,751,983,412 \$6,728,614,049	\$5,369,820	43,540 1,530,900 200,000 63,369,646 218,629 9,000,000	\$74,362,715	\$150,021,342 2,374,768
	Selected Bond funds	1 1 1 1		11111		1.1	111111		4 1 1 1 1 1 4 4 1 1 1 1 1 1 1 1 1 1 1 1
08-62	Budget Total	\$2,004,581,939 309,809,300 28,092,153 88,878	\$2,342,572,270 \$436,449,520 417,336,050 1,989,147	\$1,087,536,118 964,760,500 5,236,700 157,982,830	\$2,309,996,836 \$5,566,230,720	\$2,480,218	43,211 1,261,632 120,000 58,137,290 894,066 18,000,000	\$78,456,199	\$135,307,543 1,444,499 437,271 142,617,824 62,065,800 3,641,150 114,005,317 211,943,553 37,000 649,225 275,611 1,496,000 38,351,040 821,364 821,364 83,574,338 17,068 821,364 83,574,338 17,068 821,364 821,36
Actual 1979-80	Special funds	1111	\$2,851,593	11111	\$2,851,593	1 1	11111		\$437,271
	General Fund	\$2,004,581,939 309,809,300 28,092,153 88,878	\$2,342,572,270 \$433,597,927 417,336,050 1,989,147	\$1,087,536,118 964,760,500 5,236,700 157,982,830	\$2,309,996,836 \$5,563,379,127	\$2,480,218	43,211 1,261,632 120,000 58,137,290 894,066 18,000,000	\$78,456,199	\$115,307,543 1,444,499 1,42,61,824 62,65,800 3,641,150 14,005,317 211,943,533 37,000 649,225 275,611 1,496,000 38,317,680 821,364 821,364 821,364 821,364 821,364 821,364 821,364 821,364 821,364
		Department of Health Services: Medical Assistance Program	Totals, Department of Health Services Department of Developmental Services Department of Mental Health Employment Development Department	SSI-SSP Grants	Local Mandates Totals, Department of Social Services TOTALS, HEALTH AND WELFARE AGENCY	YOUTH AND ADULT CORRECTIONAL AGENCY Department of Corrections Board of Corrections Department of the Youth Authorities	Delinquency prevention of Wards Delinquency prevention Assistance to Counties for Detention of Youth County Justice Subvention Program Status Offender Detention Grants Legislative Mandates	Totals, Department of the Youth Authority TOTALS, YOUTH AND ADULT CORRECTIONAL AGENCY	K through 12 Department of Education: School improvement programs ————————————————————————————————————

COMPARATIVE STATEMENT OF EXPENDITURES BY CHARACTER, FUNCTION, ORGANIZATION UNIT AND FUND FUND FISCAL YEARS 1979-80, 1980-81, AND 1981-82—Continued

		Actual 1979-80	08-62			Estimated 1980-81	18-086			Estimated 1981-82	281-82	
	General Fund	Special funds	Budget Total	Selected Bond funds	General Fund	Special	Budget	Selected Bond funds	General	Special	Total 1	Selected Bond funds
Loans to school districts	4,523,215	1 1	4,523,215	1 1	-186,452 5,229,256	1 1 1	- 186,452 5,229,256 43,196,675	1 1 1	5,336,432	111	- 346,452 5,336,432 27,315,100	1 1 1
Legislative mandates Child development	148,482,780	' '	148,482,780		185,421,060	4,000,000	189,421,060	' "	239,560,823	•	239,560,823	'
Totals, Department of Education	\$6,705,130,999	\$16,731,639	\$6,721,862,638	S	7,158,187,770	\$32,910,000	\$7,191,097,770	1 1	\$6,673,610,957 221,189,556	\$18,710,000	\$6,692,320,957 221,189,556	1 1
State School Building Safety Program School Facilities Aid Program	000'000'86	27,873	27,873	1 1	269,544,316	-860,194 -92,250,000	-860,194 177,294,316	1-1	221,416,552	200,000,000	- 500,000 421,416,552 79,176,553	1 1
Debt service public school building boods Totals K through 12 Education	56.927.284.431		56.860.530.682	' '	-01,344,310	- 1	57,529,759,364		\$7,037,040,513	\$219,210,000	\$7,256,250,513	' '
Higher Educatioo: Board of Governors of Community Colleges:				•							000	
Apportionments for Community Colleges Partial State Support-Academic Senate	9976,000,000	1 1		. 1	\$1,061,445,000 67,775	1 1	51,061,445,000 67,775	1 1	3936,311,800		577,73 577,73	1 1
Community Colleges Extended Opportunity Program Instructional Improvement	20,472,092 755,000	111	20,472,092 755,000	111	23,196,080 760,000	1 1 1	23,196,080 760,000	111	23,196,080 760,000 5,000,000	3,180,000	23,196,080 760,000 8,180,000	1 1 1
Totals, Board of Governors of the California Community Colleges	\$997,227,092	, 	\$997,227,092	8	\$1,085,468,855		\$1,085,468,855		\$965,535,655	\$3,180,000	\$968,715,655	
Totals, Higher Educatioo			\$997,227,092			II I	\$1,085,468,855	•	\$965,535,655	\$3,180,000	\$968,715,655	
TOTALS, EDUCATION	\$7,924,511,523	-\$66,753,749	\$7,857,757,774	<u></u>	\$8,673,862,477	-\$58,634,258	\$8,615,228,219	•	\$8,002,576,168	\$222,390,000	\$8,224,966,168	1
OTHER GOVERNMENTAL UNITS Civil and Criminal Justice: Office of Criminal Justice Planning	\$3,523,861	1	\$3,523,861	•	\$5,768,721	\$3,000,000	\$8,768,721	1	\$4,870,138	\$6,861,852	\$11,731,990	1
Commission oo Peace Officer Standards and Training	'	11,631,240	11,631,240	ı	1 000 000	16,053,614	16,053,614	1	100 325	15,420,197	15,420,197	1
Assistance to Counties for Defense of Indigents Subventions for Guardianship/Conservatorship	1,702,170	•	1,702,170	•	000'5/1/1	1	000'677'1	•	000(5///1	•	000,077,1	1
Proceedings. Payments to Counties for Cost of Homicide Trials	1,396,311	1 1	1,396,311 1,208,724	1 1	1,835,989 1,515,000	1 1	1,835,989	1 1	1,835,989	1 1	1,835,989	' '
Totals, Civil and Criminal Justice	\$7,831,066	\$11,631,240	\$19,462,306		\$10,894,710	\$19,053,614	\$29,948,324	1	\$8,581,127	\$22,282,049	\$30,863,176	1
Cultural Development: California Arts Council	•	•	1	1	1	1	1	ı İ	2,150,000	1	2,150,000	1
Labor: Department of Industrial Relations	12,622,235		12,622,235	•	20,000,000	1	20,000,000	•	20,000,000	1	20,000,000	1
Workers Compensation Benefits Disaster Service Workers	191,809	•	191,809	•	236,250	•	236,250	•	247,500	•	247,500	-
Totals, Labor	\$12,814,044		\$12,814,044	'	\$20,236,250	'	\$20,236,250	'	\$20,247,500	•	\$20,247,500	•
Regulatory: Department of Food and Agriculture	258,226	18,257,128	18,515,354	1 1	2,907,046	25,626,285	28,533,331	1 1	3,263,712	7,018,055	10,281,767	1 1
Totals, Regulatory	\$258,226	\$18,257,128	\$18,515,354		\$2,907,046	\$25,626,285	28,533,331		\$3,258,712	\$25,916,235	\$29,174,947	
General Administration: Board of Control	1,000,000	1 1	1,000,000	1 1	870,410	1 1	870,410	1 1	1.1	100,001	100,001	1.1
Totals, General Administration		'	\$1,056,792		\$970,410		\$970,410	'	'	\$100,000	\$100,000	-'
TOTALS, OTHER GOVERNMENTAL UNITS		\$29,888,368	\$51,848,496	'	\$35,008,416	\$44,679,899	\$16,889,913		\$34,237,339	\$48,298,284	\$82,535,623	
OTHER GOVERNMENTAL SERVICES												
Senior Citizens Property Tax Assistance	\$24,522,330 3,246,120 46,325,220 224,401,936	1111	\$24,522,330 3,246,120 46,325,220 224,401,936	1111	\$21,000,000 3,500,000 51,500,000 495,675,000	1111	\$21,000,000 3,500,000 51,500,000 495,675,000	1111	\$21,000,000 5,000,000 51,500,000 493,219,563	1111	\$21,000,000 5,000,000 51,500,000 493,219,563	1 1 1 1
Homeowners Property Tax Relief	328,218,256	1	328,218,256	1	332,000,000	1	332,000,000	1	126,000,000	ı	126,000,000	1

COMPARATIVE STATEMENT OF EXPENDITURES BY CHARACTER, FUNCTION, ORGANIZATION UNIT AND FUND FUND FISCAL YEARS 1979–80, 1980–81, AND 1981–82—Continued

		Actual 19	08-6261			Estimated 1980-81	18-0861			Estimated 1981-82	281-82	
	General	Special	Budget	Selected Bond funds	General	Special funds	Budget Total	Selected Bond funds	General Fund	Special funds	Budget Total	Selected Bond funds
Subventions for Open Space	\$13,214,634	-	\$13,214,634	-	\$14,000,000		\$14,000,000	'	\$14,000,000	'	\$14,000,000	'
Paymeot to Local Government Sales Property Tax Revenue Loss Renters' Tax Relief Alternate Frerery Tax Credit Refund	2,477,500	111	2,477,500 357,526,234	1 1 1	2,960,100 405,000,000 1,500,000	1 1 1	2,960,100 405,000,000 1,500,000	1 1 1	3,350,700 425,000,000 5,000,000	1 1 1	3,350,700 425,000,000 5,000,000	1 1 1
Substandard Housing	107,817		107,817		19,471		\$1,327,214,571		\$1,144,170,263		100,000	1
Prop 13 Fiscal Relief Local Government	284.708	•	284,708	1	'	1	1	1	1	1	1	1
Totals, Tax Relief Revenue Distributioos:	\$1,000,324,755		\$1,000,324,755	1	\$1,327,214,571		\$1,327,214,571	<u> </u>	\$1,144,170,263		\$1,144,170,263	'
Spared Revenues: Apportionment Liquor License Fees	1	\$14,322,548	\$14,322,548	1	•	\$14,500,000	\$14,500,000	•	1	\$14,900,000	\$14,900,000	•
Apportunment inguway fropeity kental Receipts	1 1 1	418,068	418,068	1 1	1 1	4,145,000	4,145,000	1 1	1 1	2,080,000	2,080,000	1 1
trolApportionment Federal Receipts Forest	1	1	1	I	1	1	1	1	1	1	1	•
Reserves Apportionment Federal Receipts Grazing	1	1	ŀ	ı	1	1	ı	1	1	1	1	1
Apportionment Federal Potasb Lease Rentals Apportionment Motor Vehicle License Fee Apportionment Ggarette Tax	1111	- 663,248,675 79,034,984	- 663,248,675 79,034,984	1111	1111	- 677,500,000 84,200,000	- 677,500,000 84,200,000	1111	1111	- 829,720,000 86,300,000	2829,720,000 86,300,000	1 1 1 1
Apportionment Highway Carriers Uniform Business Tax	- 400 419	2,511,559	2,511,559	1 1	494 144	3,500,000	3,500,000	1 1	- 000 008	4,200,000	4,200,000	1 1
Apportionment for County Roads	1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1	173,899,260 76,025,338 110,794,451	173,899,260 76,025,338 110,794,451	1 1 1	111	167,143,000 73,971,000 106,971,000	167,143,000 13,971,000 106,971,000		oportune	164,821,000 72,986,000 105,486,000	164,821,000 72,986,000 105,486,000	
Apportionment of Geothermal Resources Development	1		1	1	1	880,000	800,000	1	1	880,000	880,000	1
Totals, Shared Revenues		\$1,149,254,883	\$1,149,655,322		\$494,144	\$1,167,283,000	\$1,167,777,144		\$500,000	\$1,308,843,000	\$1,309,343,000	
Totals, Revenue Distributions	\$400,439	\$1,149,254,883	\$1,149,655,322	'	\$494,144	\$1,167,283,000	\$1,167,777,144	1	\$200,000	\$1,308,843,000	\$1,309,343,000	•
Legislative mandates	4,305,000	1	4,305,000	'	1	1	1	1	1	1	1	1
Totals, Uoclassified	54,305,000	1 1	54,305,000		-150,000,000	1 1	-150.000.000	1 1	-170,000,000	1 1	-170,000,000	
TOTALS, OTHER GOVERNMENTAL SERV-	701 000 300 13	140 264 883	20 386 731 63		311 901 111	000 580 291 13	317 100 1715		: C3C 0Z3 7Z03	1 300 843 000	196 113 186 13	
TOTALS, LOCAL ASSISTANCE	\$14,773,641,150		\$16,046,485,119	\$ 598,293,672	\$16,827,660,753	\$1,439,583,117		\$145,364,951				\$142,394,388
Unallocated: Unallocated Cost of Living	1	1	ı	'		1	ı	•	\$509,078,498	1	\$509,078,498	1 :
TOTALS, UNALLOCATED			1		1				\$509,078,498		\$509,078,498	
TOTALS, OTHER GOVERNMENTAL SERVICES			1						\$509,078,498	•	\$509,078,498	-
TOTALS, UNCLASSIFIED		1	1						\$509,078,498	1		1 1
TOTAL Sate Operations Capital Outlay Local Assistance Unclassified	\$18,534,147,999 3,609,895,869 150,610,980 14,773,641,150	\$2,760,376,967 \$ 1,174,982,655 312,550,343 1,272,843,969	\$21,294,524,966 4,784,878,524 463,161,323 16,046,485,119	\$193,013,661 \$; 4,994,561 89,725,428 98,293,672	\$21,196,957,032 4,310,783,174 58,513,105 16,827,660,753	\$3,479,865,870 1,422,614,222 617,668,531 1,439,583,117	\$24,676,822,902 5,733,397,396 676,181,636 18,267,243,870	\$272,595,233 5,691,120 121,539,162 145,364,951	\$20,798,663,843 4,328,208,250 27,680,000 15,933,697,095 509,078,498	\$3,693,712,152 1,441,643,420 347,069,357 1,904,999,375	\$24,492,375,995 5,769,851,670 374,749,357 17,838,696,470 509,078,498	\$160,671,524 6,730,084 11,547,052 142,394,388

Schedule 4 SUMMARY OF FUND CONDITION BY FUNDS AS OF JUNE 30, 1979, 1980, 1981, AND 1982

Balance available June 34, 1982 \$159,825 620,000,000	1 1 1 1	111111111	1,366,344 3,093,681 220,946 220,946 3,078,183 107,814 974,438 991,877 423,000 2,093,937 1,396,749 814,336
Transfers between funds	(+881,989) (+17,942,027) (+169,948) (+45,100,000)	(-39,734,271) (-14,000,000) (+546,000) (-889,750) (-26,013,603)	+440000000
Estinated expenditures 1981–82 S20,798,663,843	1111	(+39,734,271) (+14,40,000) (-546,000) (+289,730) (+26,013,603)	30,019,290 30,019,290 1,100,000 1,100,000 1,100,000 1,130,000 1,320,000
Estimated income 1981–82 \$21,019,700,988	(+881,989) (+17,942,027) (+169,948) (+45,100,000)		30,144,467 1,100,000 15,500,000 1,000,000 1,000,000 1,293,036 1,293,036 1,293,036 1,293,036 1,293,036 1,293,000 1,290,000 1,200,000
Belance svailable June 30, 1981 \$280,458 28,842,222 370,000,000 (179,000,000)	1111	111111111	- 1,241,167 3,484,156 2,500,000 - 46,208,176 120,490 125,314 2,992,540 125,314 1,475,000 1,475,000 1,475,000 1,475,000 1,475,000 1,475,000 1,475,000 1,475,000 1,475,000 1,475,000 1,475,000 1,475,000 1,475,000 1,475,000 1,475,000 1,475,000 1,475,000 1,475,000 1,475,000
Transfers between funds -	(+1,082,923) (+20,095,526) (+16,735,000)	(-34,695,064) (-18,778,542) (-478,000) (-4,938,33) (-22,277,106) (-2,500,000) (+10,000,000) (-20,000,000) (-20,000,000)	1,519,383 -1,955,754 1,955,754 (+2,500,000) -2,971,949 -1,000,000 -1,000,000) -1,000,000)
Estimated expenditures 1980-81 S21,196,957,032	1 1 1 1	(+14,695,064) (+18,778,542) (-478,000) (+4,938,833) (+22,327,106) (+20,000,000) (+10,000,000) (+10,000,000)	23,840,416 2292,808 -2,500,000 1,100,000 5,009,315 891,678 1,348,000 1,348,0
Estimated income 1980–81 819,055,405,805	(+1,082,923) (+20,095,526) - (+16,735,000)		26,503,705
Balance srailable June 30, 1980 51,997,911,794 542,762,113 (302,876,243)	[111		1,519,383 533,632 3,821,210
Translers between funds	(+917,995) (+39,956,937)	(-77,633,426) (-7,900,000) (-4,000,000) (-4,904,21) (-17,192,68) (-17,192,68) (-10,000,000) (-85,000,000)	-1,649,508 1,649,508 1,649,508
Actual expenditures 1979–80 \$18,534,147,999	1 1 1 1	(+77,623,426) (+7,900,000) (+4,000,000) (-4,50,421) (+11,195,587) (+11,195,88) (+16,000,000) (+85,000,000)	338,005 20,255,314 1,805,699 1,805,699 394,524 8,631,940 1,905,140 2,312,431 1,152,179 1,152,179 2,313,889 1,152,179 2,313,889 1,152,179 2,313,889 1,152,179 2,313,488 44,332 2,313,488 44,332 2,313,488 44,332 2,313,488 44,332 2,313,488
Actual income 1979–80 \$17,984,607,011	(+917,995) (+39,956,937) -		19,099,955 15,141,963 105,112 3,428,737 1,005,213 817,897 1,986,885 1,289,346 939,203 2,298,346 939,203 2,279,479 6,24,800 6,24,800
Balance available June 30, 1979 \$3,090,214,895	1111		1,857,388 3,338,499 3,977,401 21,480,027 301,380 8,177,152 318,255 310,644 3,253,857 11,191,985 847,170 845,889 54,503 282,201
GENERAL FUND	Transfers from Other Funds. Fairs and Exposition Fund. Driver Training Petally Assessment Fund. Construction Inspectors Registration Board Fund Energy Resources Fund	Transfers to Other Funds: Assembly Contingent Fund Contingent Fund of the Assembly and Senste	SPECIAL FUNDS General Fund Special Accounts: Hotel Facility Use Frea State Energy Resources Conservation and Development Spe- call Account Energy Resources Conservation and Development Spe- Reserve Account State Energy Leas Fund. Surface Mining and Reclamation Account Energyner Jethone Number Account Funcy acry Tethone Number Account Attorney General Anti-trust Account Property Acquairin Leas Woners. State Motor Vehicle Parting Facilities Monery. State Motor Vehicle Parting Facilities Monery. State Motor Vehicle Parting Facilities Monery. Handicapped Account) Fungarpoint Fees. Handicapped Account Reseable Resources Energy Agricultural Account. Reseable Resources Energy Agricultural Account. State Energy Con. and Assistance Account. Special Account for Capital Outlay.

SUMM	Balance swileble	SUMMARY OF FUND CONDI	Actual expenditures 1979-80	Inusées between funds	TION BY FUNDS AS OF JUNE 30, 1979, 1980, 1981, and 1982—Continued Transfers Relater Estimated Estimated Transfers Relater Estimated Est	OF JUNE	E 30, 1979, Estimated expenditures 1980-81	Transfers between funds	1, and 198 Belonc realishe June 20, 1981	52—Cont. Estimated income 1981-32	'inued Estimated expenditures 1981-82	Translers between funds	Balance available June 30, 1982
***************************************	5,511,499	276,820	5,248,500 {	5,352,839	5,870,658	275,200	6,974,682 {	+5,388,000	4,529,176	257,200	17366,000 {	\$,288,000 -30,000 +455,947,000	2,678,376
Motor Velicle Account	152,143,050	440,468,301	438,389,162	+100,000,000 -5,853,300 -1,500,000 -100,000,000 +4,000,000	72,566,775	458,400,000	484,864,890	+40,000,000 -4,030,221 -4,000,000 +4,000,000 +16,202,000	26,303,885	483,500,000	495,529,862	-4,000,000 +4,000,000 +2,019,373	29,180,396
Bisycle Lare Account	245,728 27,352,905	161,721 108,103,870	86,999,352	+15,844,886 +360,000 +5,853,300 +22,000	489,469 54,332,723	46,499 128,035,000	895,968	+360,000 +4030,221 +30,000 -3,800,000	28,715,368	41,905 177,988,496	401,905 180,099,954	+18,887,000 +360,000 +4,030,221 +30,000	30,664,131
Abandoned Railroad Account	7,179,413	759,850	744,588	•	7,194,675	683,494	3,142,245	-2,000,000	4,735,924	395,555	154,405	1	4,977,074
	11,872,025	856,645,087	12,192,285	-830,832,336 -5,352,839 -3,820,032 -8,386,117	7,933,503	833,980,000	12,170,654	-804,900,000 -5,388,000 -4,803,257 -7,400,000	7,251,592	830,900,000	12,352,889	-801,100,000 -5,288,000 -3,836,784 -6,500,000	9,073,919
Highways Users Tax Account	1	1	360,719,049	+830,832,336 +140,000 -468,993,287 -360,000	r	1	348,085,074	804,900,000 -454,954,926 -360,000 -1,500,000	ì	1	343,293,000	+801,100,000 -455,947,000 -360,000 -1,500,000	
Motor Vehicle Transportation Tat Account	120,829,059	6,443 681,383,445	685,236,613	-900,000 -140,000 -15,844,586	13,711	717,200,000	702,124,447	-16,202,000	13,711	823,000,000	854,238,431	-18,887,000	13,711
zoder Funds: Alcoholic Beverage Control Fund	9,553,780 9,011,182	15,110,478 85,368,581	14,322,548 79,034,984	1-1	10,341,710	14,400,000	14,500,000	1 1	10,241,710	14,850,000	14,900,000	1-1	10,191,710
ber Governmental Cost Funds: Abandoned Vehicle Trust Fund Acquancturists Fund Agriculture Fund Agricultural and Forestry Residue Utilization Account	2,080,748 179,844 18,962,946	358,673 66,166 22,720,851	803,908 83,161 23,891,427 250,000	+1,500,000 +1,820,032 (+10,500,000)	3,135,513 162,849 21,612,402 10,250,000	200,000 286,825 23,072,859	1,416,140 124,562 28,420,191 14,050,000	- +4,803,257 3,800,000	1,919,373 325,112 21,068,327	100,000 150,400 23,375,407	156,502 28,202,280	-2,019,373 +3,836,784	319,010 20,078,238
Anir Pollution Control Fund Animal Health Technicians Exam Committee Fund Architecture Public Building Program Architecture Barki: Barki	1,839,130 44,498 306,738	874,815 70,874 1,145,009	- 14,200,000 - 582,719 - 46,766 - 1,412,677	1 1 1	2,131,226 68,606 39,070	- 65,325 1,779,930	607,793 63,111 1,540,142	1 1 1	1,523,433 70,820 278,858	73,825 1,869,000	701,594 66,999 1,515,592	1 1 1	821,839 77,646 632,266
	1,570,769	1,586,074	1,899,430	(+27,623,426)	1,257,413	1,689,370	2,085,351	(+34,695,064)	861,432 1,197,753	2,679,038	2,839,769	(+39,734,271)	350,000 350,000
	40,217,700	1	24,934,167	(+1,900,000)	23,183,533	'	39,153,325	(+18,778,542)	2,808,750	'	14,694,899	(+14,400,000)	2,513,851
Automotive Repair Fund Bagley Conservation Fund Bagley Conservation Fund State Park Highway Account	2,813,418 18,428,959 117,629	3,293,317 4,724	4,268,809 8,174,903 1,017,364	000'006+	1,837,926 10,258,780 265	3,551,142	2,540,945	-7,717,835 -265	298,260	3,629,473	5,465,212	1 1 1	-1,537,479

Schedule 4
SUMMARY OF FUND CONDITION BY FUNDS AS OF JUNE 30, 1979, 1980, 1981, and 1982—Continued

Bulance svailable June 34, 1982 1,711,094 2,487,580 413,872 7,136,815 12,105,600	222,354 171,573 1,449,986 1,449,986 1,449,986 1,000,000 488,339	31,024	9,175,049	25,834	9,507,190 18,184,615 29,665 40,117 362,014 2,535,045 36,317 3,045 137,465 17,106 17,79	2,375,455 1,825,026 95,440 8,344 6,845,612 3,160,727 1,293,044
Transfers between funds22,000,000	(-169,948) 	(-17,942,027) - (-45,000,000)	(-881,989) (+546,000) (-889,750)	+4,000,000	· · · · · · · · · · · · · · · · · · ·	111111
Estimated expenditures 1981-82 6,005,005 11,592,269 2,700,550 25,111,400 90,894,400	405,613 226,523 - 391,091 6,973,000 613,684 14,755,334 2,217,566 1,722,751	859,931 72,873,989	21,182,527 27,000,000 40,919,803 -546,000 7,912,865 }	889,750	8,600,000 1,500,000 21,728 216,536 47,000 15,760,534 19,29,1154 117,299 11,299 11,299 11,293	1,861,945 918,176 622,219 19,477 14,486,937 1,817,772 1,422,015
Estimated income 1981–82 5.08, 300, 300 26, 300, 300 26, 300, 300, 300 26, 300, 300 26, 300, 300 26, 300, 300 26, 300, 300 300 300 300 300 300 300 300 3	437,955 314,325 - 163,948 - 07,441 6,975,000 26,900 14,757,000 2,224,000 - 11,922,007 21,215,040	623,300 -45,100,000 58,521,246	21,373,916 -881,989 27,000,000 37,717,000 8,802,615	17,290 85,250 14,528,638 691,749	1,980,000 2,001,875 4,980 37,100 1,287,500 1,287,500 1,17,600 17,600 17,600 17,700	2249,750 1,599,570 861,251 183,405 12,582,000 929,936 1,515,275
Balance srailobé June 30, 1981 2,138,659 2,709,149 3,062 5,949,215 36,415,705	190,012 183,771 119,898 1,449,986 642,988 642,988 481,923 481,923	267,655 61,478,754	9,865,649	189,641 51,773 652,351	15,627,40 46,433 219,603 317,014 10,528,139 2,691 3,101,464 103,164 103,164 103,164 104,195	1,987,630 773,632 616,428 21,118 8,730,549 4,048,513 1,199,784
Transfers between finds	-29,497,261] -3,196,577 -4,000,000 (-20,095,526)	(-16,735,000) -7,500,000 +29,497,261 -2,000,000 2,000,000	(-1,082,923) (+478,000)	1 1 1 1	(+20,000,000) 	111111
Estimated expenditures 1988-81 5.819.512 10.866, 143 2.423, 156 25,111,410 98,474,129	394,942 4,000,000 564,511 141,561 442,305 13,002,666 3,012,402 1,238,633	32,286,246	20,710,593 34,000,000 9,614,288 7,249,303	-4,958,853 128,043 95,923 8,536,947 461,262	11,333,933 -20,000,000 3,864,185 21,463 205,580 473,000 14,168,402 223,162 19,09,275 101,837 73,167	1,405,993 764,442 82,332 189,582 13,077,587 1,882,354 1,228,936
Estinated income 1980-19 4,445,829 10,104,200 2,141,470 26,300,000	424,333 514,325 69,450 64,500 307,500 13,061,000 2,486,669 -20,201,669 25,750,120	662,800 - 16,735,000 90,502,739	23,829,814 -1,082,923 34,000,000 35,629,000 2,290,450	200,800 85,960 4,669,116 461,262	1,718,450 2,015,000 6,280 279,300 475,000 1,481,500 17,200,000 67,485 17,000 77,100	2,097,960 528,275 148,701 180,545 11,606,500 3,337,371 1,348,775
Balance . serulable June 34, 1980 3, 502,342 3,411,092 313,748 4,759,525 299,862,095	160,601 4,000,000 23,177 3,165,77 3,165,77 342,059 42,269 77,393 1,007,638 99,940	408,436	9,592,788	116,884 61,736 4,520,182	5,762,693 19,533,925 61,616 14,616 13,5014 13,504 13,504 137,570 12,962 12,962 12,963	1,295,683 1,009,799 1,050,079 30,155 10,171,606 2,593,496 1,079,945
Transfers between funds	(+4,000,000) 		(-917,995) - (+450,421) (+1,965,987)	1 1 1 1	+8,386,117	111111
Actual expenditures 1972-40 4,351,370 9,218,130 2,051,787 21,803,973 38,019,004	364,534 -4,000,000 39,085 9,70,062 9,02,286 12,73 36,081 11,923,034 2,881,933 539,300	012,101	14,274,860 29,000,000 33,793,774 -450,421 1,965,987	-1,965,987 114,336 63,105 2,346,869 365,380	1,557,063 850,573 13,794 125,735 12,255,726 302,286 13,984,859 81,797 18,732 14,532	64,403 64,403 408,600 155,685 9,986,845 1,336,945 1,114,946
Actual income 1972-80 5.314,002 9.279,086 1,967,602 26,731,221 26,731,221	386,737 486,942 486,942 4000,000 223,963 405,933 11,829,776 2,256,935 31,132,340	690,260	16,254,950 -917,995 29,000,000 33,197,854	22,459 89,718 3,604,526 278,588	691,382 2,095,863 20,673 6,233 4,71,433 3,511,945 14,1924 141,924 141,924 141,924	1,70,399 1,347,841 1,110,283 175,318 16,835,671 860,172 1,522,157
Balance svailable 2,539,710 3,410,136 387,933 5,832,377 69,215,478	118,398 95,900 5,766,639 68,377 13,589 1,093,238 1,093,238 1,505,831	425,446	9,738,287	208,781 35,123 3,262,525 86,792	6,628,374 18,308,633 54,737 209,333 26,172,704 10,0355 125,4459 103,340	784,541 336,361 348,336 6,522 5,304,780 3,007,308 6,724
Banking Fund Banking Fund California Environmental License Plate Fund California Health Facilities Commission Fund California Water Fund Capital Outlay Fund for Public Higher Education	Chiropractic Examiners Fund	Electronic and Appliance Repair Fund	Fair and Exposition Fund	Goology and Geophysias Fund	Natural Dassier Assistance Fund: Public Facilities Account. Street and Highersy Account. Nursie Registry Fund. Nursing Hone Administrator's State License Examining Norting Hone Farming Fund. Off-Highersy Vehicle Fund. Off-Highersy Vehicle Fund. Off-Highersy Vehicle Fund. Peace Officers Training Fund. Peace Officers Training Fund. Physicians Assistants Fund. Physicians Assistants Fund. Physician Assistants Fund. Physician Assistants Fund. Physician Assistants Fund. Physician Assistants Fund.	Professions and Vocations Funds: Accountage Funds Board of Architectural Examiners Fund Copelary Fund Cofferedory Fund

SUMMARY OF FUND CONDITION BY FUNDS AS OF JUNE 30, 1979, 1980, 1981, and 1982—Continued Schedule 4

Balance Ac sradiable inc June 30, 1979 . 199	Fubric Care Fund	•	145,994 509,575 1,703,410 914,879 103,291		Solid Wate Management Fund	Strong Motion Instrument Special Fund 980,422 1,13 Teacher Ordentais Fund 1,661,29 2,56 Transportation Rule Fund 8,241,867 11,16 Vidide Restrotion Fund 1,100,933 1,100,933 Reserve for Contingencies and Emergencies 1,100,933 1,100,933 Aldonistion for Price Instruse 1,100,933 Augmentation for Price Instruse 1,100,933 Transportation for Instrust 1,100	\$1.141,176,852 \$4,231,391,747
Actual income 1979-80	182,880 364,920 243,938 180,305 7,821,605	219,624 222,719 225,330 1,327,408 1,309,004 1,151,109	57,999 612,888 612,888 1,464,913 148,749 - 571,151	354,194 10,479,699 5,887,343 26,878,279 976,909	13,745,702 80,180 40,983 227,862 - {	1,139,166 2,567,749 11,169,305 11,309,798 1,309,798	520,914,213,229 520,918,820,240
Actual expenditures 1979-80	424,800 372,071 871,713 121,351 7,725,747	159,077 2,110,269 199,735 1,282,811 813,438 1,303,003	104,531 315,104 1,228,409 136,133 - 259,280	246,967 11,954,265 5,630,460 16,254,568 1,514,612 17,335,338	14,414,566 98,024 40,671 153,021 74,451 85,000,000	1,138,341 3,176,547 10,316,547 12,688,448 1,305,574	\$2,767,222,351 \$21,301,370,350
Transfers between funds		*	111111 1		(000'000'\$8)		, , ,
Balance available June 30, 1980	595,367 411,330 858,646 107,955 8,803,648	400,198 667,217 589,360 564,318 554,318 3,132,191	99,462 807,339 1,939,914 927,495 - 415,162 231,101	223,402 9,370,490 1,429,515 10,605,183 12,991 3,705,855	108,061 251,379 271,379 74,841 84,925,549	961,247 1,052,461 9,096,421 1,508,440 5,601,664	\$1,308,167,730 \$3,848,841,637
Estimated income 1980-81	1,105,695 371,045 2,028,427 55,425 8,876,180	72,947 2,355,974 125,423 1,340,075 912,640 1,157,065	588,138 246,460 896,331 150,983 - 183,550 1,234,550	407,650 13,515,250 6,369,922 17,884,817 692,731	13,971,000 54,378 63,260 395,850 	1,025,000 2,893,672 11,413,100 15,413,100 2,104,499	\$3,151,480,302
Estimated expenditures 1980-81	540,257 439,974 1,005,187 104,149 9,218,554	175,912 2,587,664 2,487 1,530,950 940,251 1,428,498	133,298 159,390 1,397,007 148,188 - 364,094	280,474 15,783,622 6,976,874 28,410,000 705,742 21,944,244	13,981,336 103,473 18,997 18,997 100,524,285 -206,000,000 84,566,219	1,540,741 3,343,308 12,006,454 14,136,526 6,034,417 1,312,949 50,663,720 1,442,920	3,504,900 \$3,481,311,341 \$24,678,268,373
Transfers between funds	11111			- - - (+22,327,106)	+ 100,000,000 (+208,000,000) +3,196,577 +2,971,949 +265	+1,519,38 +7,700,000 +1,500,000 +1,500,000 +35,415,000 	1 1 4
Balance available June 30, 1981	1,160,805 342,401 1,881,886 59,231 8,461,274	297,233 435,227 469,236 373,443 510,227 2,860,758	554,302 694,429 1,439,258 930,290 234,618	350,578 7,102,118 822,563 - 4,088,717	97,735 208,284 45,542 112,600 292,401,264 25,054,790	445,506 602,825 8,697,117 2,785,034 1,571,746 1,373,949 1,405,920 1,442,920	-3,504,900 8978,336,691 \$1,377,459,371
Estimated income 1981–82	214,280 360,545 268,840 206,500 8,475,709	228,921 172,110 2,342,320 116,468 1,446,950 1,215,565 641,196	625,575 625,510 525,910 885,712 91,000 14,200 610,000	443,550 15,670,680 6,677,000 18,210,000 500,000	14,766,317 59,383 62,070 49,850 200,000,000 42,000,000	1,075,000 2,787,133 11,622,730 15,622,020 1,652,262 -	\$3,340,330,211
Estimated expenditures 1981-82	\$63,295 470,503 1,128,995 156,782 9,251,837	203,498 183,491 2,737,468 257,387 1,625,494 1,540,318 573,037	188,946 443,663 1,629,043 316,634 407,817	338,179 16,627,456 7,157,617 18,210,000 26,013,603 26,013,603	14,691,093 127,173 68,469 386,226 201,547,098 23,215,815	1,470,360 3,402,735 112,746,022 115,947,154 2,893,494 1,500,000 2,862,000	\$3,693,965,102 524,492,628,945
Translers between funds	-161,238	161,238	- 316,634 - 116,634 1	- - - - (+26,013,603)	- +1,500,000 - 40,000,000	1111111	
Belance available June 30, 1982	811,790 232,443 1,021,731 108,949 7,323,443	322,656 149,857 40,379 193,899 864,392 2,535,705	16,276 701,397 776,276 776,276 16,200 14,200 436,801	455,949 6,145,342 341,946 - - - - - - - - - - - - - - - - - - -	172,939 140,454 39,143 136,224 290,854,166 5,338,975	50,146 - 12,777 7,756,445 3,446,980 - 430,514 - 50,663,720 - 4,50,699	-1,803,803 -3,504,900 \$624,701,800 \$1,244,861,625

¹Reserve for unencumbered balance of continuing appropriations. ²Reserve for economic uncertainties. ³Expenditures for special funds exceed the amount reported in Schedule 3 by the transfers from the Employment Development Development Department Contingent Fund to the Unemployment Fund and the Unemployment Compensation Disability Fund.

STATEMENT OF CASH AND SECURITIES OF ALL FUNDS IN THE TREASURY

		June 30, 1979	6261			June 30, 1980	0861	
			Due from Surplus Money Investment				Surplus Money	
Fund NONGOVERNMENTAL COST FUNDS	Cash	Securities	Fund	Totals	Cash	Securities	Fund	Totals
Antioch Toll Revenue	\$103,376	ı	1	\$103,376	\$52,958	\$3,467,006	\$2,965,921	\$6,485,885
California Housing France. California Water Resources Development Bond	3,819 101,406	\$275,570,194	\$140,575,400 28,512,000	416,149,413 28,613,406	3,890 101,262	452,492,977	188,940,400 31,953,000	641,437,267 32,054,262
Fund of '74. Carquinez Straits Bridges Construction Fund Central Valley Water Project Construction	475 94,430	4,995,405	10,000	10,475	200,000 1,450 62,842	4,999,545	10,000	200,000 11,450 19,860,387
Compensation Insurance	137,833 499,176 -	1,025,563,064	8,618,000 49,688,000	8,755,855 1,075,750,240	1/5,277 9,584 1,070,725	1,174,146,527	9,688,000 20,515,000 -	9,863,277 1,194,671,111 1,070,725
Harbors and Watercraft Revolving Fund	415,794 1,088,523	1 1	27,543,000	27,958,794 1,088,523	196,609	1 1	28,978,000	29,174,609 1,180
Health Facility Construction Loan Insurance Fund New Antioch Bridge Construction	1,039 4,106 9,453	7,401,084	6,044,000 5,036,000 747,000	6,045,039 12,441,190 756,453	1,095 1,811 10,366	997,313	7,281,000 14,310,079 601,000	7,282,095 15,309,203 611,366
San Francisco-Cakland Bay Bridge Construction Fund San Francisco-Oakland Bay Bridge Toll Revenue Fund San Francisco Seawall Sinking Fund No. 2	16,087 294,840	\$ 1 ¥ 1	83,000	2,264 99,087 294,840 -	17,898 128,440 161,400	1111	247,000	264,898 128,440 161,400
San Francisco Seawall Sinking Fund No. 4	561 9,677 1,436,073	1111	32,000 1,450,000	32,561 1,459,677 1,436,073	561 10,282 228,051	1 1 1 1	32,000 1,672,000	32,561 1,682,282 228,051
State University and Colleges Continuing Education Revenue Fund State Linkersity and Colleges Dormitory Building Mainte-	50,123	1	6,751,000	6,801,123	49,519	1	9,895,000	9,944,519
State University and Colleges Dormitory Construction State University and Colleges Dormitory Construction State University and Colleges Dormitory University and Re-	23,518 337,794	1,218,440	4,666,000 8,861,000	4,689,518 10,417,234	16,680 294,211	1 1	4,917,000 11,332,000	4,933,680 11,626,211
demption State University and Colleges Dormitory Revenue Fund State University and Colleges Facilities Revenue Fund State University and Colleges Parking Revenue Fund	20,526 680,946 831 1,345	1111	13,731,000 23,071,000 190,000	13,751,526 23,751,946 190,831 1157,345	23,537 655,845 1,211 816	1113	13,528,000 28,381,000 208,000 1,400,000	13,551,537 29,036,845 209,211 1 400 816
Toll Bridge Authority Revolving Fund. Toll Bridge Construction Fund Unemployment Compensation Disability Fund	6	1 1 1	61,870,000 578,061,000	50,000 61,872,873 578,070,520	50,000 1,445 9,029	18,872,798	41,489,000 435,935,000	50,000 60,363,243 435,944,029
Veterans Debenture Revenue Fund	6,833,344 272	111	1,801,600	6,853,344 1,801,872	3,921,344	1 1 1	20,000,000 2,245,600	3,921,544 20,000,000 2,245,976
Veterans Farm and Home Building Fund of 1943 Veterans Farm and Home Building Fund of 197	99,754	1 1	177,812,000	177,911,754	102,398	1 1	202,370,000	202,472,398
Vincent Thomas Bridge Construction Vincent Thomas Bridge Toll Revenue Fund	1,056	1 1	584,000 240,000	585,056 240,339	604 649	1 1 1	626,000	626,604 614,649
Working Capital and Revolving Funds Agriculture Building Fund Architecture Revolving Fund Ballot Paper Revolving Fund California Industries for the Blind Manufacturing Fund	58,215 174,372,604 441,052 18,353	1111	1111	58,215 174,372,604 441,052 18,353	284,295 220,040,188 372,416 18,353	1111	1111	284,295 220,040,188 372,416 18,353
Confidence District Organization Revolving Fund Correctional Industries Revolving Fund County Formation Fevolving Fund Emergency Revolving Fund	177,000 2,008,076 242,041 554,109	1 1 1	1 1 1	2,008,076 2,008,076 242,041	200,000 240,614 242,041	1 1 1	111	200,000 240,614 242,041
General Obligation Bond Expense Revolving Fund Health and Welfare Agency Data Center Revolving Fund	73,517 73,517 567,045	1 1 1	1 1 1	73,517 567,045	74,221 1,187,175	1 1 1	1 1 1	340,8/4 74,221 1,187,175

Schedule 5 STATEMENT OF CASH AND SECURITIES OF ALL FUNDS IN THE TREASURY—Continued June 30, 1979

I
38,7
26,463 1,275,194 221,196 198,113 79,653 13,762,423
249,826 318,286,396
340,036 5,211,586 25,194 2,861,432,767 1,178,753
50,035 10,242 -
24,382,981 573
m
36,076,711
20,447,658 47,748,922 72,181,444
4,113 167,334 7,496,638 41,176,288
22,473 8,705,611 23,598,482 37,428,462 - 93,569
285,034 9,646 1,143,039 109,113 1,843,109 957,703

Schedule 5 STATEMENT OF CASH AND SECURITIES OF ALL FUNDS IN THE TREASURY—Continued

			June 30, 1979	1979			June .	June 30, 1980	
				Due from Surplus Money				Due from Surplus Money	
	Fund	Cash	Securities	Investment Fund	Totals	Cash	Securities	Investment Fund	Totals
Deferi	Deferred Compensation Plan Fund	334	140,037,517	129,000	140,166,851		178,182,616	28,000	178,241,203
Inmat	Incoming Action Insulance Lund	283	1,417,133	- 10,132,000	1,700,517	5,125	1,416,181	617,000	2,038,306
Inters	Interstate Collection Incentive Fund	55,621	l	1 1	5,147.603 55,621	267 100,234	1 1	6,279,000	6,279,267 100,234
Littiga Califo	Litigation Deposit Fund	424	1	4,597,900	4,598,324	68	1	1,050,900	1,050,989
Fund	Fund Immunization Adverse Reaction Fund	1,320,750 50,000	1 1	1 1	1,320,750 50,000	1,620,535 50,000	1 1	1 1	1,620,535
Local	Local Agency Investment Fund Land Purchase	10	1 1	1 1	297,500,048	1,000,000	1 1	1 1	656,998,479
Local	Local Agency Emergency Loan FundFarmworker Housing Grant Fund	829,833,175	}	1 1	829,833,175	2 038 207	1	1	
Forest	Forest Resources Development	704	1	1 000 000 0		813,217	1 1	1 1 0	813,217
Pollut Local	Pollution Control Financing Authority Fund	1,054	1	3,394,000	3,395,054	2,120	1 1	11,711,000	11,713,120
Local	Local Agency Indebtedness Fund	29,069,654	1 1	4,632,000	4,032,109	27,796,384	1 1	12,472,000	12,472,876 27,796,384
Small	Small Business Loan Reserve Fund	100,000	1 1	1 1	100,000	100,000	1 1	7,500,000	7,500,000
	Rental Housing Construction Incentive	1 1	1 1	1 1	1 1	2,000,000	1 1	82,000,000	82,000,000
Renew Series	Renewable Resources Investment	1	ı	ı	1	9,753,941	1 1	1 1	9,753,941
Specia	Special Deposit Fund	24,087,023	37,213	82,572,900	106,697,136	20,085 256,747,081	24,220	97.577.300	20,085 354.348.601
State	State Child Nutrition Fund	145,846	1 1	!	145,846	575,465	1	1 900	575,465
Californ	California State University and Colleges Special Project					17	I	000,1	+7+,1
Califo	California State University and Colleges Trust Fund	9,747	1 1	9,541,000	262,831 9,550,747	2,325 9,948	1 1	379,000 8,977,000	381,325 8.986,948
State	State Fair Contingent Fund	419	864.312	1 1	2.518.649	419	1 479 442	1 (419
State	State Guaranteed Loan Reserve Fund	9,941	1	1,233,000	1,242,941	20,556		5,502,000	5,522,556
State	State Properties Rental Fund		t		100,001	2CF, 101	1 1	-	264,102
State	School Site Utilization Fund	3,026,301	1 1	1 1	3,026,301	3,785,998	1 1	1 1	3,785,998
State	State School Building Lease-Purchase Fund	1 1	1 1	1 1	1 1	84,925,549	1 1	1 1	84,925,549
Volun Teach	Volunteer Firefighters Length of Service Award Teacher Tax Shelter Annuity	1 1	1	1	1	29,334	179,604	1	208,938
Timbe	Timber Tax Reserve Fund	549	1	141,500	142,049	255	2,080,712	1,000	3,102,848
Traffi	Traffic Adjudication Unclaimed Property Find	- 408 874			12 005 240	100 001	1 100 000	3,168,000	3,108,843
Unem	Unemployment Fund Urban Housing Development Loan Fund	1,823,281	ון נייני	174 000	1,823,281	3,849,122	002,500	000,250,11	3,849,122
TOTAL	TOTALS, NONGOVERNMENTAL COST FUNDS	\$5,013,687,765	\$20,444,980,019	12	1		\$28,543,225,320	-\$961,384,642	\$32,582,196,522
GOVER	GOVERNMENTAL COST FUNDS General Fund	1.907.377.410	ı	1	1 907 377 410	2 2 3 9 0 98 380	1	ı	2,239,098,380
Trans Other	Transportation Funds	696 927	1 1	819,535,100 193,385,742	868,231,468 568,313,287	381,336 773,721,738	1 1	777,564,100 183,820,542	777,945,436 957,542,280
OTHER Agenc	OTHER BALANCES Agency Bank Accounts	413,665,829	ı	1	413,665,829	337,742,366	l	ı	337,742,366
Outst:	Uncleared Collections Outstanding Warrants	315,758,537	1 20 10 0010	1 1	524,391 315,758,537	631,310 446,538,480	1 100,000	1 1	631,310 446,538,480
Time	Time Deposits in Banks	∘ 41	1,411,405,000	1 1	1 1	1,530,628,000	1,530,628,000]]	1 1
TOTAL	TOTALS	-\$100,385,079	\$28,620,002,943	\$ -	\$28,519,617,864	-\$26,120,178	\$37,367,814,952		\$37,341,694,774

COMPARATIVE STATEMENT OF EXPENDITURES OF FEDERAL AID GRANTED TO THE STATE OF CALIFORNIA FOR THE FISCAL YEARS 1979-80, 1980-81, AND 1981-82

State Operations			
LEGISLATIVE/JUDICIAL/EXECUTIVE	Actual 1979-80	F-4: 1 1000 01	.
Executive: Governor:	Actual 19/9-80	Estimated 1980-81	Estimated 1981-82
Secretary for Business and Transportation	\$47,807	_	_
Secretary for Resources	26.000	\$113,000	-
Office for Citizen Initiative and Voluntary Action	36,800 153,353	159,860 167,580	\$25,000 167,580
Office of Planning and Research	2,137,472	2,494,350	1,738,713
Office of Emergency Services	2,241,439	1,834,639	2,039,762
Totals, Governor	\$4,616,871	\$4,769,429	\$3,971,055
Constitutional Offices:			
Office of the Lieutenant Governor	\$116,465		_
Department of Justice	2,316,782 1,024,634	\$5,961,499	\$4,238,892
Totals, Constitutional Offices	\$3,457,881	1,559,189	1,467,278
· · · · · · · · · · · · · · · · · · ·	\$8,074,752	\$7,520,688	\$5,706,170
Totals, Executive		\$12,290,117	\$9,677,225
TOTALS, EXECUTIVE	\$8,074,752	\$12,290,117	\$9,677,225
STATE AND CONSUMER SERVICES AGENCY	2.2		
Department of Consumer Affairs Department of Fair Employment and Housing	\$45,194 994,893	\$50,000	\$13,546
Office of the State Fire Marshal	16,750	3,460,609 17,000	3,219,396
Department of General Services	94,018	100,000	100,000
Intergovernmental Personnel Act Advisory Council	914,286	688,890	703,610
State Personnel Board Department of Veterans Affairs:	14,659	-	-
Veterans' Home of California	6,353,154	5,778,602	7,059,107
TOTALS, STATE AND CONSUMER SERVICES AGENCY	\$8,432,954	\$10,095,101	\$11,095,659
BUSINESS, TRANSPORTATION AND HOUSING			
Business:			
Department of Economic and Business Development	\$205,121	\$234,140	\$309,345
Department of Housing and Community Development	363,788	629,450	717,024
Totals, Business	\$568,909	\$863,590	\$1,026,369
Transportation:			
Department of Transportation	\$95,555,221	\$75,944,958	\$77,721,909
Office of Traffic Safety Department of the California Highway Patrol	14,920,445 136,448	6,217,406 164,309	7,669,521
Department of Motor Vehicles	91,539	104,309	211,166
Totals, Transportation	\$110,703,653	\$82,326,673	\$85,602,596
TOTALS, BUSINESS, TRANSPORTATION AND HOUSING	\$111,272,562	\$83,190,263	\$86,628,965
	, ,	***,***,***	\$00,020,703
RESOURCES AGENCY Energy Resources Conservation & Development Commission	4,986,469	7,133,712	12 405 716
Solid Waste Management Board	3,639,955	3,772,589	12,495,716 2,521.044
Air Resources Board	3,191,801	2,484,280	2,004,609
Department of Conservation	648,901	420,406	420,598
Department of Forestry	2,292,257 75,000	2,670,011 75,000	1,595,019 75,000
Department of Fish and Game	8,528,848	11,761,937	12,643,539
Department of Boating and Waterways	143,718	422,014	
California Coastal Commission	2,886,536 11,208	4,247,580 64,883	2,350,000
Department of Parks and Recreation	1,953,356	2,506,018	2,674,672
Department of Water Resources	1,662,901	1,726,594	1,299,100
State Water Resources Control Board	10,429,876	11,587,932	14,578,963
TOTALS, RESOURCES AGENCY	\$40,450,826	\$48,872,956	\$52,658,260
HEALTH AND WELFARE AGENCY	£2 £50 022	£2 (22 412	00.000
State Council on Developmental Disabilities Office of Statewide Health Planning and Development	\$3,558,933 3,020,003	\$3,632,412 3,171,627	\$3,270,118 3,066,974
Department of Aging	65,183,000	74,685,426	73,464,240
Department of Alcohol and Drug Programs	2,696,977	3,160,823	3,300,447
Department of Health Services	95,593,249 546,614	156,856,860	190,343,655
Department of Mental Health Employment Development Department	1,659,125,506	793,676 2,348,953,245	409,624 2,217,951,858
Department of Rehabilitation	95,229,126	91,957,642	85,096,631
Department of Social Services	58,909,915	72,026,956	76,123,854
TOTALS, HEALTH AND WELFARE AGENCY	\$1,983,863,323	\$2,755,238,667	\$2,653,027,401

COMPARATIVE STATEMENT OF EXPENDITURES OF FEDERAL AID GRANTED TO THE STATE OF CALIFORNIA FOR THE FISCAL YEARS 1979–80, 1980–81, AND 1981–82—Continued

1979-80, 1980-81, AN	D 1981–82— <i>Col</i>	ntinuea	
YOUTH AND ADULT CORRECTIONAL AGENCY	Actual 1979-80	Estimated 1980-81	Estimated 1981–82
Department of Corrections	\$252,575	\$295,421	\$248,581
Board of Corrections	500 (2(5,000	464.474
Department of the Youth Authority	580,626	679,842	464,474
TOTALS, YOUTH AND ADULT CORRECTIONAL AGENCY	\$833,201	\$980,263	\$713,055
EDUCATION K thru 12 Education: Department of Education:			
General Activities	\$30,816,550	\$33,130,722	\$33,226,519
Total State Library	959,353	1,051,863	-
Total Special Schools	136,537	46,413	<u> </u>
TOTALS, DEPARTMENT OF EDUCATION	\$31,912,440	\$34,228,998	\$33,226,519
Cal Adv Council on Voc Ed & Tech Train	\$177,085	\$186,536	\$203,354
Calif Occupational Info Coord Committee		242,945	299,630
Commission for Teacher Preparation and Licensing	111,980	64,595	22,297
Totals, K thru 12 Education	\$32,201,505	34,723,074	33,751,800
Higher Education: California Postsecondary Education Commission	\$1,427,015	\$1,034,752	\$1,049,752
University of California	1,286,784,502	1,321,189,760	1,349,548,204
Hastings College of Law	1,038,822	897,170	980,921
California State University and Colleges	89,655,508	91,594,386	92,770,430
California Maritime Academy	845,194 12,327,694	857,035 12,429,900	857,035 11,800,000
Totals, Higher Education	\$1,392,078,735	\$1,428,003,003	\$1,457,006,342
TOTALS, EDUCATION	\$1,424,280,240	\$1,462,726,077	1,490,758,142
OTHER GOVERNMENTAL UNITS Civil and Criminal Justice:	50.440.460	TO 0/0 804	\$8,814,478
Office of Criminal Justice Planning	\$9,449,460 13,945	\$9,869,894	J0,014,470 —
Totals, Civil and Criminal Justice		\$9,869,894	\$8,814,478
Cultural Development: California Arts Council	\$950,902	\$945,000	\$945,000
Labor: Department of Industrial RelationsRegulatory:	\$13,856,675	\$15,047,245	\$15,457,402
Department of Food and Agriculture Public Utilities Commission	\$2,912,700 238,549	\$2,888,652 572,466	\$1,844,800 465,432
Totals, Regulatory		\$3,461,118	\$2,310,232
GENERAL ADMINISTRATION			
Military Department	\$126,472,232	\$137,225,596	\$142,721,648
Totals, Other Governmental Units		\$166,548,853	\$170,248,760
Other Governmental Services: Unclassified:			\$170,240,700
Legislative Claims		\$424	
Totals, State Operations	\$3,731,157,767	\$4,539,942,721	\$4,474,807,467
Capital Outlay STATE AND CONSUMER SERVICES AGENCY Department of General Services	\$1,629,256	\$3,125,515	-
BUSINESS, TRANSPORTATION AND HOUSING			
Transportation: Department of Transportation	\$173,968,637	\$593,261,530	\$385,803,200
RESOURCES AGENCY			
Department of Parks and Recreation	\$1,119,973	\$5,412,326	\$784,375
Division of Exposition and State Fair	297,153	2,579,190	-
Santa Monica Mountains Conservancy		2,402,000	=
TOTALS, RESOURCES AGENCY	\$1,417,126	\$10,393,516	\$784,375

COMPARATIVE STATEMENT OF EXPENDITURES OF FEDERAL AID GRANTED TO THE STATE OF CALIFORNIA FOR THE FISCAL YEARS 1979–80, 1980–81, AND 1981–82—Continued

HEALTH AND WELFARE AGENCY	Actual 1979-80	Estimated 1980-81	Estimated 1981-82
Department of Developmental Services	\$1,270,281	\$761,177	.
Employment Development Department	195,176 49.600	366,560	-\$428,949
Department of Rehabilitation	49,000	108,750 83,500	44,000
	\$1,515,057	\$1,319,987	
TOTALS, HEALTH AND WELFARE AGENCY	\$1,313,037	\$1,319,987	. —\$384,949
YOUTH AND ADULT CORRECTIONAL AGENCY			
Department of Corrections	\$439,942	_	_
Department of the Youth Authority	304,130		-
TOTALS, YOUTH AND ADULT CORRECTIONAL AGENCY	\$744,072		
EDUCATION			
Higher Education:			
University of California	\$2,232,000	\$3,221,000	\$3,545,000
Hastings College of Law	2,778,626	_	-
California State University and Colleges	303,963	-	-
California Maritime Academy			
Totals, Higher Education	\$5,329,220	\$3,221,000	\$3,545,000
TOTALS, EDUCATION	\$5,329,220	\$3,221,000	\$3,545,000
OTHER GOVERNMENTAL UNITS			
General Administration:			
Military Department	\$3,606,780	\$1,402,000	\$21,740,800
TOTALS, CAPITAL OUTLAY		\$612,723,548	\$411,488,426
TOTALS, CALITAL OCTAAL	\$100,210,110	3012,723,310	WT11,T00,T20
Local Assistance			
LEGISLATIVE/JUDICIAL/EXECUTIVE			
Executive:			
Governor:	\$1,046,162	\$420,300	\$400,000
Office of Planning and Research		119,153,897	91,807,505
Totals, Governor		\$119,574,197	
			\$92,207,505
TOTALS, EXECUTIVE	\$27,385,481	\$119,574,197	\$92,207,505
STATE AND CONSUMER SERVICES AGENCY			
Intergovernmental Personnel Act Advisory Council	\$779,776	\$827,610	\$810,390
	ŕ	ŕ	
BUSINESS, TRANSPORTATION AND HOUSING			
Business:	*******	71 004 000	
Department of Economic and Business Development	\$950,640	\$1,924,000	\$215,346
Department of Housing and Community Development		12,945,050	8,433,500
Totals, Business	\$5,166,864	\$14,869,050	\$8,648,846
Transportation:	\$150.442.500	\$211,464,445	\$233,380,000
Department of Transportation	15,717,680	14,753,593	9,566,000
•			
Totals, Transportation	\$166,160,180	\$226,218,038	\$242,946,000
TOTALS, BUSINESS, TRANSPORTATION AND HOUSING	\$171,327,044	\$241,087,088	\$251,594,846

COMPARATIVE STATEMENT OF EXPENDITURES OF FEDERAL AID GRANTED TO THE STATE OF CALIFORNIA FOR THE FISCAL YEARS 1979–80, 1980–81, AND 1981–82—Continued

Provinces - and -	J 1001 01 0		
RESOURCES AGENCY	Actual 1979-80	Estimated 1980–81	Estimated 1981–82
California Coastal Commission	\$720,756	\$5,134,265	\$1,800,000
Department of Parks and Recreation	16,058,086	17,300,000	22,939,847
TOTALS, RESOURCES AGENCY	\$16,778,842	\$22,434,265	\$24,739,847
HEALTH AND WELFARE			
Department of Alcohol and Drug Programs	\$22,082,197	\$30,625,928	\$31,130,090
Department of Health Services	1,482,105,637	2,011,009,631	2,271,007,302
Department of Developmental Services	657,086	841,685	841,685
Department of Social Services	1,597,385,314	1,971,418,095	2,131,515,932
TOTALS, HEALTH AND WELFARE AGENCY	\$3,102,230,234	\$4,013,895,339	\$4,434,495,009
EDUCATION			•
K thru 12 Education:			
Department of Education:			
General Activities	\$834,791,632	\$828,019,941	\$829,169,411
OTHER GOVERNMENTAL UNITS			
Civil and Criminal Justice:			
Office of Criminal Justice Planning	\$34,297,792	\$30,141,454	\$27,476,930
The of Oriminal Public Liaming	334,271,172	\$50,141,454	\$27,470,750
OTHER GOVERNMENTAL SERVICES			
Revenue Distributions:			
Shared Revenues:			
Apportionment of Federal Receipts From Flood Control Lands	\$264,956	\$275,000	\$280,000
Apportionment of Federal Receipts From Forest Reserves	50,452,045	32,093,000	32,093,000
Apportionment of Federal Receipts From Grazing Land	203,188	217,746	233,000
Apportionment of Federal Potash Lease Rentals	2,307,723	3,984,000	6,875,000
Totals, Shared Revenues	\$53,227,912	\$36,569,746	\$39,481,000
TOTALS, OTHER GOVERNMENTAL SERVICES	\$53,227,912	\$36,569,746	\$39,481,000
TOTALS, LOCAL ASSISTANCE	\$4,240,818,713	\$5,292,549,640	\$5,699,974,938
TOTAL	\$8,160,186,628	\$10,445,215,909	\$10,586,270,831
State Operations	3,731,157,767	4,539,942,721	4,474,807,467
Capital Outlay	188,210,148	612,723,548	411,488,426
Local Assistance	4,240,818,713	5,292,549,640	5,699,974,938

COMPARATIVE STATEMENT OF EXPENDITURES BY THE BUDGET ACT AND EXPENDITURES REQUIRED BY THE CONSTITUTION OR OTHER STATUTES FOR THE FISCAL YEARS 1979–80, 1980–81, AND 1981–82 Schedule 7

Total	231,273,340	231,273,340 231,273,340		1	847,753	1	294,899	000'099	387,468	130,000	000′09	316,634
Estimated 1981–82 Special funds				1 1	847,753	1	294,899	1.1	() () () () () () () () () ()	000'051	000'09	316,634
General Fund	231,273,340	231,273,340			•	ı	1 1	000'099	387,468	1-1		1
Total	212,011,134	28,410,000 240,421,134 212,011,134 28,410,000		-382,862	1	317,337	813,893	000'099	- 250.936	350,000	000'09	•
Estimated 1980-81 Special funds	111	28,410,000 28,410,000 - 28,410,000		-382,862	1	317,337	813,893	1 1	1 1	350,000	000'09	į
General Fund	212,011,134	212,011,134 212,011,134 212,011,134		1 1	•	1	1 1	000'099	- 550,936	1.1	1.1	ı
Total	- - 197,047,314	16,294,368 213,341,682 197,047,314 16,294,368	,	142,640	•	1,657,325	1,688,434	605,470	338,712	372,146	000'09	1
Actual 1979-80 Special funds	111	16,294,368 16,294,368 - 16,294,368	1	142,640	•	1,657,325	1,688,434	1 1	1 1	372,146	000'09	ı
General Fund	- - 197,047,314	197,047,314 197,047,314	1	•	1	1	t 1	605,470	338,712	1.1	1.1	1
Purpose and Legal Citation AUTHORIZED BY CONSTITUTION	STATE OPERATIONS Other Governmental Services: Debt Service: Bond Interest and Redemption: Bond Interest and Redemption: Support, Bond Interest and Redemption. 6 Bond Interest and Redemption.	LOCAL ASSISTANCE Education—K thru 12: Department of Education: Article LX, Section 6 of the State Constitution TOTAL CONSTITUTIONAL REQUIREMENT Totals, Capital Outlay Totals, Local Assistance AUTHORIZED BY STATUTES	STATE OPERATIONS LEGISLATIVE Legislature: Sanate: Government Code, Section 9129	Section 9129, Government Code—Senate Con- tingent Expenses Assembly:	Government Code, Section 9129 Section 9129, Government Code—Contingent	Expenses of the Assembly	Item 10.1/67 Item 10.1, Budget Act of 1967 and Assembly Item 10.1/67	Courtourous to registator's retrement Fund: Government Code, Section 9338	JUDICIAL Contributions to Judges' Retirement Fund: Government Code, Section 75101 Section 75101, Government Code-Judges' Retirement Fund—Supreme and Appellate Courts.	EXECUTIVE Governor: Office of Emergency Services: Office of Emergency Services, Government Code, Section 86[0.5	STATE AND CONSUMER SERVICES AGENCY Department of Consumer Affairs: Board of Pharmacy: Carryover Chapter 883/73 Chapter 883/73 Certified Shorthand Reporters Board:	Certified Shorthand Reporters Board

COMPARATIVE STATEMENT OF EXPENDITURES BY THE BUDGET ACT AND EXPENDITURES REQUIRED BY THE CONSTITUTION OR OTHER STATUTES FOR THE FISCAL YEARS 1979-80, 1980-81, AND 1981-82—Continued

	Total	1 1	1,493,500 2,753,593	167,500	1 1	1 1		,	22,469	154,405		1	000'099	1	•	265,000	2.839.769	'	2,725,263	7,912,865	1 1	1
Estimated 1981-82	Special funds		1,493,500 2,753,593	167,500	1 1	1 1		•	22,469	154,405		ı	000'099	1	•	765,000	2.839.769	,	2,725,263	7,912,865	1 1	•
	General Fund	1.1	1 1	ı	1 1			ı	1	1 1		ı	1	1	ı	1.4	ı	1		1	1 1	1
	Total	524,285	1 1	1	1,648,000	2,618,586 154,000		460,157	1	142.245		1,542,808	ı	000'099	1	265,000	1	2,084,569	ı	1	7,249,303 2,022,163	1
Estimated 1980-81	Special funds	524,285	1 1	i	1,648,000	2,618,586 154,000		460,157		142,245		1,542,808		000'099	ı	265,000	ı	2,084,569	ı	1	7,249,303 2,022,163	1
	General Fund	1 1	1.1	ı	1 1	1 1		•	\$	1.1		ı	1	1	ı	1.1	,	ı	ı	ı	1 1	•
	Total	74,451	1 1	ı	1,066,694 876,340	2,312,431 140,882		365,380	ı	87,953		1,795,699	1	1	1,017,364	. 565,000		1,899,430	•	1	1,152,179	12,916
Actual 1979-80	Special funds	74,451	1 (1	1,066,694 876,340	2,312,431 140,882		365,380	1	87,953		1,795,699	•	1	1,017,364	265,000	1	1,899,430	1	1	1,152,179	12,916
e e	General Fund			1	1 1	1 1		•	1	1 1		ı	ı	1	•	1-1	1	1	ı	1	1 1	•
	Purpose and Legal Citation	Department of General Services: Chapter 1035/79 State School Building Lease—Purchase Education Code, Section 17708	Services Government Code, Section 16379, General Services Government Code, Section 4454, General Services,	Access for Handicapped Section 15850–15865, Government Code—Property	Acquisition Act	Section 4454, Government Code	BUSINESS, TRANSPORTATION, AND HOUSING Business: Department of Insurance: Section 12995, Insurance Code—Department of In-	SuranceTransportation:	Chapter 1092/72—Department of Transportation Section 2342, Streets and Highways Code—Depart-	Hansportation Abandoned Railroad Account	RESOURCES AGENCY Energy Resources Conservation and Development Com- mission:	Chapter 1089/78	Public Resources Code, Section 1825 Public Resources Code, Section 1825 Public Resources Code, Section 1825 Responses Code,	Resources Investment Program	Section 2107.7 (b) Streets and Highways Code Division of Exposition and State Fair:	Business and Professions Code, Section 19623, Division of Exposition and State Fair	HEALTH AND WELFARE AGENCY Office of Statewide Health Planning and Development: Health and Safety Code, Section 15012, Office of Statewide Health Planning and Development	Section 13012, Health and Safety Code	of Health Services Health and Safety Code, Section 309—Department of	Health Services Section 309, Health and Safety Code (Chapter 1037/	77, General Fund Loan) Section 25/14, Health and Safety Code Funlournest Development Deserter	Section 1586, Unemployment Insurance Code

COMPARATIVE STATEMENT OF EXPENDITURES BY THE BUDGET ACT AND EXPENDITURES REQUIRED BY THE CONSTITUTION OR OTHER STATUTES FOR THE FISCAL YEARS 1979–80, 1980–81, AND 1981–82—Continued Schedule 7

Total		\$00,000 400,000	303,663	1	ı	1 1	ı			í	2,200,000	780,000		200,000	1,000,000	1,762,984	-6.250	
Estimated 1981–82 Special funds		1 1	1	1	1	1 1	ı			ı	2,200,000	780,000	1	200,000	1,000,000	1.1	1	
General Fund		\$500,000 400,000	303,663	1	1	1 1	1			ı	1 1	ı	1	•	111	1,762,984	- 6,250	
Total		• •	1	49,500	200,000	900,000 100,000	295,526			2,625,000	2,200,000	ı	780,000	ı	1,000,000	1,743,402	1	3,000,000
Estimated 1980-81 Special funds		1 1	1	ı	1	1 1	1			1	2,200,000	ì	000'08L	1	1,000,000	1-1	ı	3,000,000
General Fund		1 1	1	\$49,500	200,000	200,000	295,526			2,625,000	1 1	1	ı	ı	1 1 1	1,743,402		•
Total		1 1	ı	ı	ı	1 1	225,283			1	2,313,438	1	442,332	ı	33,527	1,529,346	1	1
Actual 1979-80 Special funds		1 1	ı	1	1	1 1	1			ı	2,313,438		442,332	I	33,527 500,000	1 1	í	ı
General Fund		1 1	1	ı	i	1 1	\$224,283			ı	1 1		ı	ı	1 1 1	1,529,346	ı	1
Purpose and Legal Citation	EDUCATION K thru 12 Education: Department of Education: Chapter 282/79 Section 19632 (b), Business and Professions Code, Vocational Education Study	Organizations Chapter 894/77 Section 41304 (a), Education Code—Driver Train-	ing	States	Study Organizations	Section 1963, Department of Education Chapter 894/77—Department of Education	inging	GENERAL GOVERNMENT Labor:	Workers Compensation Benefits. Uninsured Employers Fund: Chapter 1041/80 General Fund Transfer to:	Worker Account Subsequent inities	Section 4706.5 (e), Labor Code	California Horse Racing Board: Business and Professions Code, Section 19619, California Horse Racing Board California Horse Racing Board California Horse Racing Board	Code for Transfer to Fair and Exposition Fund	Popartment of root and Agriculture Food and Agriculture Code, Section 224 (1), Department Food and Agriculture Food and Agriculture Code, Section 224 (2), Department Food and Agriculture Code, Section 224 (2), Department	Section 224 (2), Food and Agriculture Code	Fair Fources Commission: Government Code, Section 81122, Fair Political Practices Commission Proposition 9 of 1974.	GENERAL GOVERNMENT Unclassified: Working Capital Advances: Support, Working Capital Advances	CAPITAL OUTLAY Business, Transportation, and Housing: Transportation: Department of Transportation: Section 2542, Streets and Highway Code

COMPARATIVE STATEMENT OF EXPENDITURES BY THE BUDGET ACT AND EXPENDITURES REQUIRED BY THE CONSTITUTION OR OTHER STATUTES FOR THE FISCAL YEARS 1979-80, 1980-81, AND 1981-82—Continued Schedule 7

Total		750.000			1,750,000	•	25,000,000		5,162,163	1		400,000	10,100,000	1	•		875,000	3,717,000	1	1 1 1	379,436		7,400,000	
Estimated 1981–82		750,000			1,750,000	1	25,000,000		ı	1		400,000	10,100,000	ì	1		875,000	3,717,000	ı		379,436		7,400,000	
General Fund		ì	1	ı	1 1	1	ı		5,162,163	1		1 1	ı	ı	•		ı	ı	1		ŧ		ŧ	•
Total		1	750.000	'	4,927,500	25,000,000	1		1	7,233,870		000'059	1	-8,646,047	3,886,185		•	1	3,725,500	900,000 873,721	1		1 00 007	1,400,000
Estimated 1980–81 Special funds		1	750.000	1	4,927,500	25,000,000	1		1	1		000'059	1	-8,646,047	3,886,185		ı	1	3,725,500	900,000	ı		- 400,000	000'00+',
General Fund		ı	ı	1	1 1	1	ı		1	7,233,870		1 1	ı	ı	1		1	1	1 1		1		1	ı
Total		ı	1	750,000	362,628	27,692,735	ì		1	4,403,290		1 1	1	1,557,063	850,573		ı	1	2,379,959	850,000	ı		7.856.77	0.14,000,1
Actual 1979–80 Special funds		1	1	750,000	362,628	27,692,735	1		1	1		1 1	1	1,557,063	850,573		1	ı	2,379,959	850,000	1		7.856.273	a sala and s
General Fund		1	1	1	1 1	1	ı		1	4,403,290		1-1	ı	ı	1		1	ı		, 1	ı		1 1	
Purpose and Legal Citation	Resources Agency: Wildlife Conservation Board:	Business and Professions Code, Section 19632 (a) —Wildlife Conservation Board	Business and Professions Code, Section 19632 (a) —Wildlife Conservation Board	Business and Professions Code, Section 19632 (a) -Wildlife Conservation Board.	Section 1322 Fish and Game Code	Department of Water Resources: Section 1938 Water Code	Resources	LOCAL ASSISTANCE JUDICIAL Contributions to Indox Retirement Fund Govern-	Section 75101, Government Code—Contributions to	the Judges' Retirement Fund	EXECUTIVE GOVERNOR ED Office of Emergency Services:	Government Code, Section 8610.5 Section 8610.5, Government Code Section 8610.5, Government Code Section 8610.5, Government Code Section 8610.5	Government Code, Section 8690.4 Section 8686. Government Code, Chanjer 2907	Section 8686. Government Cod.—Chanter 290	Statutes of 1974	BUSINESS, TRANSPORTATION, AND HOUSING TRANSPORTATION Department of Transportation: Department of Transportation:	ruoue Ominis Code, Sections 21902 and 21984.5 Public Utilities Code Sections 21682, 21683 and	21684.6—Department of Transportation Sections 21682, 21683, 21684.6, Public Utilities	Code Section 2371, Streets and Highways Code	Sections 21602 and 21684.5, Public Utilities Code Section 2371, Stress and Highways Code.	1092/72—Department of Transportation	RESOURCES AGENCY Department of Boating and Waterways:	Section 8352 (g), Revenue and Taxation Code Transfer from MVFA Section 8352 (g), Revenue and Taxation Code	

COMPARATIVE STATEMENT OF EXPENDITURES BY THE BUDGET ACT AND EXPENDITURES REQUIRED BY THE CONSTITUTION OR OTHER STATUTES FOR THE FISCAL YEARS 1979–80, 1980–81, AND 1981–82—Continued Schedule 7

Purpose and Legal Citation	General Fund	Actual 1979-80 Special funds	Total	General Fund	Estimated 1980-81 Special funds	Total	General Fund	Estimated 1981–82 Special funds	Total
HEALTH AND WELFARE AGENCY Department of Health Services:									
Department of Health Services	1 1	1 1		5,287,703 313,622,430	1 1	5,287,703 313,622,430	1 1	1 1	
ter 282/79)	264,972,820	•	264,972,820	1	1	1	1	ı	
Section 38257, Health and Safety Code	ı	2,851,593	2,851,593	1	3,012,402	3,012,402	l	ı	
AFDC Grants. Sections 15200.1 and 15200.2, Welfare and Institu-	1	1	1	1,195,856,900	•	1,195,856,900	à	1	
tions Code—Child Support and Incentive Pay- ments ments	14,272,700	ı	14,272,700	1	1	•	1	ı	
Section 15151 Walface and Institutions Con-	658,117,900	1	658,117,900	ı	•	•	ı	1	
Maternity Care	2,136,169	1	2,136,169	2,079,670	1	2,079,670	ı	ı	
EDUCATION K thru 12 Education:									
Section 54060, Education Code (Chapter 894/77)	•	1	1	1	1	1	8,652,000	ı	8,652,00
Chapter 1329/80—Apportionments	٠	•	1	875,000	ı	875,000	i	1	
Chapter 7909/10—Expansion to Education Section 54051 Education Orde—Funding for Eco-		1 1		625,000,000	1 1	625,000,000	1 1	1 1	
nomic Impact Aid Section 5466, Education Code (Chapter 894/77).	1 1			63,372,000	1 1	63,372,000	1 1	1 1	
Section 30504, Education Code (Chapter 262/19, Section 34.4) Section 34. Charter 894.77—Department of Educa-	39,792,230	1	39,792,230	1	ı	1	1	•	
Service 15130 (k) Comment Of the	1	ı	ı	1	ı	1	ı	1	
Section 19130 (u), Coveningin Code. Section 5400 Education Code. Marces Dir. for		1 1	1 1	1 1	ŧ 1	1 1	1 1	1 1	
Special Education Chanter 197/80—Perartment of	ı	1	1	1	ı	ı	ı	+	
State School Building Safety Program:	ı		ı	ı	1	•	1		
Section 19700.74, Education Code—Chapter 500/72	1.1	549,894 522,021	549,894	i I	-860,194	-860,194	1 1	1 1	
School Facilities Aid Program: Education Code, Section 17780	•	1		61,544,316	1	61,544,316	1	1	
Program Delt Certice Public School Building Bonde.	ı	1	ı	•	i	1	79,176,552	i	79,176,55
Delt Service on Public School Building Bonds Education Code Sections 15003 15403 15504 et el	1	1	1	-61,544,316	1	-61,544,316	1	I	
— Dett Service on Public School Building Boods Education Code. Section 16080—Debt Service on	ı	1	1	1	1	1	-79,176,552	1	-79,176,55
Public School Building Bonds	_ _ 34,680,075	1,486,739	1,486,739 -34,680,075	1 1 1	1,565,936	1,565,936	111	1,000,000	00'000'1
Higher Education: Board of Governors of California Community Colleges: Article 1X, Section 6 and Section 14020, Education									
Code Article 9, Section 6, Education Code, Section 14020	1	ı	1	ı	1	1	•	1	
and Chapter 323/76 Statutory Appropriations Created by Chapter 282/79	'	ı	1	ı	1	ı	ı	1	
(AB 8) Replacing Budget Act Item 364/79	976,000,000	1	976,000,000	l	1	1	1	ı	

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COMPARATIVE STATEMENT OF EXPENDITURES BY THE BUDGET ACT AND EXPENDITURES REQUIRED BY THE CONSTITUTION OR OTHER STATUTES FOR THE FISCAL YEARS 1979–80, 1980–81, AND 1981–82—*Continued*

Purpose and Legal Citation	General Fund	Actual 1979-80 Special funds	Total	General Fund	Estimated 1980-81	Total	Gondan Fund	Estimated 1981-82	F
9		•			count mixed		Ocucial rund	special runas	I otal
Regulatory									
Department of Food and Agriculture: Business and Professions Code Session 10414									
Business and Professions Code, Section 19630—Per-	- LP#-		1	ı	•	1	•	•	
manent Improvement-Financial Assistance to	ince to								
Local Fairs			1	1	62,730	62.730	1	1	
Business and Professions Code, Section 19630.3—Ma-	- E ₹ -								
cistance to Enim (Chapter 062/70)	lal As-								
Carrower Section 234(2) Food and Amender			1	•	1,628,844	1,628,844	į		
Code Sculoii 224(2), room and Agric	cuiture				;				
Food and Agriculture Code, Section 12539, Food and	od and	t			966,473	966,473			
Agriculture	1	1	1	1	ı	1	•	30.000	000
Food and Agriculture Code, Section 12844, Depart-	Depart-							opotos	o'oc
Food and Agriculture Code Section 224(3)	Jeneri-		1	ı	1	1	•	3,632,728	3,632,7
ment of Food and Agriculture	1	ı						;	
Food and Agriculture Code, Section 4002—Financial		l	•	1	1	1	1	2,336,784	2,336,7
Assistance to Local Fairs				1	169.861	169.861	•		
Food and Agriculture Code, Section 12112, Depart-	Depart-					· notion)	ŧ	
ment of Food and Agriculture		1	1	•	1			10 643	90
Section 19626, Business and Professions Code-Cit-	į						1	10,243	C,81
rus Fruit Fairs, Amended by Chapter 952/79		150,000	150,000			t	1	ı	
Bection 1902/.3, Business and Professions Code—Fi-	- - -								
Section 19627.3 Business and Professions Code Effec-	Fffer.	1		1	2,002,414	2,002,414	1		
	essions								
Code, Section 19630 1/1/80		1 331 500	1 111 500						
Section 19627, Business and Professions Code	1	5.260,000	\$260,000	1 1	000 0979	000 077 7	•	1	
Section 19630.1, Business and Professions Code-Fi-	Ė	poploati	ominatio	•	000000	0,460,000	1	1	
nancial Assistance to Local Fairs		1	'	•	000 596	346 000			
Section 19630.1, Business and Professions Code	de	735,000	735.000		000,002	000,002	•	ı	
Section 19630.3, Business and Professions Code-Ma-	-Ma-				1	,		1	
Jor and Deferred Maintenance—Financial As-	ial As-								
Section 10630 2 Ductions and Professional Control		371,156	371,156	1	1	1		1	
ior and Deferred Maintenance—Financial As-	ial As-								
sistance to Fairs		1	1		3,000,000	900000			
Section 19630, Business and Professions Code-Fi-	k−Fi.		•	•	7,000,000	7,000,000	•	1	
nancial Assistance to Local Fairs		1	•	1	2,797,744	2 707 244			
Section 4002, Food and Agriculture Code	1	92,299	92,299	1		-		1 1	
Section 12112, Food and Agriculture Code		13,294	13,294	,	18.543	18.543	•		
Section 12339, Food and Agriculture Code		28,628	28,628		30,000	30,000	•		
Section 1967 (h)-(d) Rusiness and Descences		2,913,411	2,913,411	1	3,302,480	3,302,480	•		
Code		360 363	000 200						
Section 19626, Business and Professions Code-Cit-		000,520	000,620	1	625,000	625,000	1		
rus Fruit Fairs		•	1	1	150.000	150.000			
Section 1962/1.2, Business and Professions Co.	de	370,633	370,633	,	'	- motors	•	1 1	
Section 19627.3, Business and Professions Code—Fi-	 异一	1	1	1	400,000	400,000	•	1	
nancial Assistance to Local Fairs		3,097,559	3.097.559	•					
Section 19630, Business and Professions Code		•		1 1	2.018.790	2 018 790	•	•	
Section 224 (3), Food and Agriculture Code		2,924,323	2,924,323	1	2,336,784	2,336,784	•	, ,	

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COMPARATIVE STATEMENT OF EXPENDITURES BY THE BUDGET ACT AND EXPENDITURES REQUIRED BY THE CONSTITUTION OR OTHER STATUTES FOR THE FISCAL YEARS 1979–80, 1980–81, AND 1981–82—*Continued*

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		Actual 1979-80			Estimated 1980-81			Estimated 1981-82	
Purpose and Legal Citation	General Fund	Special funds	Total	General Fund	Special funds	Total	General Fund	Special funds	Total
Business and Professions Code, Section 19622 (b)—									
ance to Local Fairs.	•	1	1	1	1	•	•	\$250,000	\$250.00
Business and Professioos Code, Sectioo 19522 (c)— (District 1-A Agriculture Association). Finan-									
Cial Assistance to Local Fairs	1	1	1	1	1	1		250,000	250,00
(District 48 Agriculture Association), Financial									
Assistance to Local Fairs	ı	1	1			•	1	125,000	125,00
Fruit Fairs, Financial Assistance to Local Fairs	•	ı	ı	ı	1	ı	1	150,000	150,00
Business and Professions Code, Section 19627 (En- courage of County and District Agricultural As-									
sociation) Financial Assistance/Local Fair Business and Professions Code. Section 19627.2. Fi-	1	ı	1	ı	1	•	1	\$6,460,000	\$6,460,00
nancial Assistance to Local Fairs	1	1	ı	1	1	ı	1	400,000	400,00
nancial Assistance/Local Fair (Perm. Improve									
Fairs Effective 1-1-80) Business and Professions Code. Section 19630 (Use of	1	1		1	1	ı	1	2,018,762	2,018,76
Unallocated Mooey Effective January 1, 1980) Financial Assistance/Local Fair	•	ı	,	1	ı	1	ı	9 576 407	W 472 0
CENED AT COVED NACENET									
Revenue Distributions:									
Shared Revenues: Apportionment Liquor License Fees:									
Business and Professions Code, Section 25761,									
Section 25761, Business and Professions Code.		14,322,548	14,322,548	1 1	14,500,000	14,500,000	1 1	14,900,000	14,900,00
Apportionment Highway Property Kental Ke- cepts:									
Section 104.10, Streets and Highways Code	ı	•	t	į	4,145,000	4,145,000	•	1	
cal Assistance, Shared Revenue	1	,	ı	1	1	1	1	2,080,000	2,080,00
Sections 11003.3 and 11005, Revenue and Taxa-									
tioo Code Sections 38230 and 38240. Local	1	418,068	418,068	ı	473,000	473,000	1	1	
Assistance—Shared Revenues	ı	*	1	1	1	1	1	470,000	470,00
Revenue and Taxatioo Code, Sections 11003.4									
and 11005, Local Assistance Shared Reve- oues	,	į	1	1	ı			000 000 008	20 0CT 0C9
Sections 11003.3 and 11005, Revenue and Taxa-			•	•	•		1	000,021,020	M'071'570
tion Code Apportionment Cigarette Tax:	ı	663,248,675	663,248,675	i	677,500,000	000'005'129	1	1	
Revenue and Taxation Code, Section 30462, Lo-								000 001 76	2000, 20
Section 30462(c), Revenue and Taxation Code		79,034,984	79,034,984	r i	84,200,000	84,200,000		86,300,000 -	86,300,00

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COMPARATIVE STATEMENT OF EXPENDITURES BY THE BUDGET ACT AND EXPENDITURES REQUIRED BY THE CONSTITUTION OR OTHER STATUTES FOR THE FISCAL YEARS 1979-80, 1980-81, AND 1981-82—Continued

Total General Fund Spin 3,500,000 494,144 5500,000 167,143,000 -	1,515,434,666 1,447,256,383 1,515,436,666 2,447,256,383 1,515,436,386 2,515,436,386 2,515,436,386 2,515,436,386 2,515,436,386 2,515,436,386 2,515,436,386 2,515,436,386 2,515,436,386 2,515,436,386 2,515,436,386 2,515,436 2,515,
Total General Func 3,500,000 494,144 167,143,000 73,971,000 106,971,000 880,000 880,000 83,728,815 34,000,988 34,004,982 23,728,202 34,004,982 24,044,982 23,728,202 24,044,982 24,044,982 23,728,202 24,044,982 24,044,982 23,728,232	\$19,47,256,383 \$19,402,544,435 4,587,134,350 14,242,577,369 \$23,127,523,300
15 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1	
	130,396 14,666 144,196 118,111 18,089
Estimated 1980-81 Special funds 3,500,000 3,500,000 167,143,000 73,971,000 73,971,000 880,000 1,205,024,666 51,292,121,650 25,009,484 25,009,484	51,07,300 1,233,434,666 52,051,450,396 1,235,444,196 514,548,089 53,343,572,046
General Fund 494,144 494,144 22,220,846,081 7,024,364 2,213,851,717 \$2,432,851,215 \$2,432,851,215	2,213,821,717 \$17,351,094,039 3,351,699,154 58,414,605 13,940,989,280 \$19,783,951,254
70/84 2,511,559 2,511,559 400,439 173,899,260 76,025,338 76,025,338 29,000,000 29,000,000 83,160,467,799 20,975,372 28,805,363 3,110,687,084 83,373,809,481	\$176,981,432 \$17,849,123,469 4,560,361,822 414,355,960 12,834,503,687 \$21,223,032,930
Actual 1979-80 Special funds 2,511,559 2,511,559 173,899,260 176,025,338 16,025,338 29,000,000 29,000,000 21,286,561 28,805,363 21,248,647,883 21,248,647,883 21,248,647,883	\$1,521,565,959 \$1,521,537,068 \$1,66,514,078 \$237,744,980 \$2,770,184,951
General Fund 400,439 400,439 1,928,114,284 2,698,811 1,925,415,473 52,125,161,598 199,746,125	1,925,415,473 \$16,327,686,401 3,413,849,744 12,763,225,677 \$18,452,847,999
Purpose and Legal Citation Apportionment Highway Carriers Unified Business Tubic Utilities Code, Section 4306, Local Assistance—Shared Revenues. Section 4306(h), Public Utilities Code. Sportionment Tideland Revenues. Public Resources Code, Section 6817, Local Assistance—Shared Revenues. Section 6817, Public Resources Code. Sportionment for County Roads: Section 1040 Stress and Highways Code. Street and Highway Code, Section 2104, Local Assistance, Shared Revenues. Apportionment for City Streets: Sections 194, 2107 and 2107, 5. Streets and Highways Code. Streets and Highways Code. Section 2107 and 2107.5, Local Assistance—Shared Revenue Apportionment County Road and City Street. Sections 1046, Streets and Highways Code. Section 1166, Streets and Highways Code. Section 1166, Streets and Highways Code. Streets and Highway Code, Section 2106, Local Assistance Shared Revenues. Development Geothermal Resources Geothermal Resources—Shared Revenues Totals, State Operations. Totals, State Operations. Totals, Local Assistance Totals, AuthTHORIZED BY CONSTITUTION AND STATUTES. Totals, Capital Outlay. Totals, Capital Outlay. Totals, Local Assistance.	Total, Local Assistance TOTAL, BUDGET ACT AND OTHER AUTHORIZA- TION Totals, State Operations. Totals, Capital Outlay Totals, Local Assistance TOTAL, ALL AUTHORIZATIONS

STATEMENT OF BONDED DEBT OF THE STATE OF CALIFORNIA AS OF DECEMBER 31, 1980 GENERAL OBLIGATION BONDS Schedule 8

(This statement does not include bonds issuad under authority of State instrumentalities which are not ganeral obligations of the State of California)

Outstanding	\$40,800,000 125,100,000 125,100,000 194,750,000 116,810,000 34,200,000 116,750,000 116,750,000 116,750,000 116,750,000 116,750,000 116,750,000 116,000,000 175,000,000 175,000,000 175,000,000 175,000,000 175,000,000 175,000,000 175,000,000 175,000,000 175,000,000 175,000,000 175,000,000 175,000,000	\$15,100,000 21,600,000 21,600,000 64,700,000 113,800,000 96,000,000 148,100,000 148,100,000 267,500,000 74,750,000 8955,265,000
Redemptions	\$159,200,000 144,900,000 144,900,000 185,220,000 11,1190,000 27,340,000 27,340,000 27,340,000 20,500,000 20,500,000 15,000,000 15,000,000 16,250,000 16,250,000 16,250,000	\$169,900,000 78,4600,000 155,300,000 155,300,000 104,000,000 111,900,000 115,685,000 85,900,000 81,119,735,000 \$2,195,115,000
Unsold	\$35,000,000 10,000,000 10,000,000 115,000,000 285,000,000 285,000,000 \$990,000,000	\$65,000,000 \$65,000,000 \$1,035,000,000
Authorized	\$200,000,000 2700,000 2700,000 380,000,000 65,000,000 1150,000,000 1150,000,000 1150,000,000 250,000,000	\$185,000,000 100,000,000 100,000,000 220,000,000 200,000,000 200,000,0
Maturity	1955–1985 1965–1989 1965–1991 1967–1991 1976–1991 1976–1998 1975–1997 1975–1997 1978–2000 1981–2000 1981–2000	1955–1990 1955–1984 1966–1985 1961–1987 1965–1991 1967–1994 1970–1992 1978–1997
Percent rate of interest	%%%%%%%%%%%%%%%%%%%%%%%%%%%%%%%%%%%%%%	2,4-3,8 3,8-3,8 1-3,8-3,8-4 3,6-3,8-4 3,8-4,1-4 4,8-8,8-8 4,8-8,8-8 5,8-8
Name of issue	GENERAL FUND BONDS State Construction Program Bond Act of 1955 State Construction Program Bond Act of 1955 State Construction Program Bond Act of 1965 State Construction Program Bond Act of 1965 State Construction Program Bond Act of 1966 State Higher Education Construction Program Bond Act of 1966 Junior College Construction Program Bond Act of 1972 Community College Construction Program Bond Act of 1972 State Beach, Park, Recreational and Historical Facilities Bond Act of 1974 State Beach, Park, Recreational and Historial Facilities Bond Act of 1976 State Beach, Park, Recreational and Historial Facilities Bond Act of 1976 California Clean Water Bond Act of 1976 California Clean Water Bond Act of 1976 California Safe Drinking Water Bond Law of 1976 State Urban and Coastal Park Bond Act of 1976 State Urban and Coastal Park Bond Act of 1976 State Urban and Coastal Park Bond Act of 1976 Totals, General Fund Bonds.	State School Building Bond Act of 1952 State School Building Bond Act of 1954 State School Building Bond Act of 1957 State School Building Bond Act of 1957 State School Building Bond Act of 1960 State School Building Bond Act of 1962 State School Building Bond Act of 1962 State School Building Bond Act of 1964 State School Building Bond Act of 1964 State School Building Bond Act of 1964 State School Building Bond Act of 1972 State School Building Bond Act of 1974 Totals, Partially Self-liquidating Bonds Totals, General Fund Bonds.

STATEMENT OF BONDED DEBT OF THE STATE OF CALIFORNIA AS OF DECEMBER 31, 1980—Continued general obligation bonds Schedule 8

(This statement does not include bonds issued under authority of State instrumentalities which are not general obligations of the State of California)

	Outstanding	\$1,501,200,000	\$\$57,000 1,185,000 205,000 269,000 26,900 26,900 26,900,000	\$59,400,000 90,300,000 113,600,000 110,000,000 110,000,000 291,075,000 476,000,000 150,000,000 150,000,000 150,000,000 83,640,761,000 86,266,546,000
	Redemptions	\$68,800,000	\$8,443,000 8,265,000 9,795,000 794,000 33,095,000 \$60,392,000	\$440,600,000 209,700,000 246,400,000 1155,725,000 90,000,000 58,225,000 24,000,000 4,800,000 \$1,289,350,000 \$1,418,542,000 \$3,613,657,000
	Unsold	\$180,000,000		000,000,000,000
	Authorized	\$1,750,000,000	\$9,000,000 9,450,000 10,000,000 813,000 60,000,000 889,303,000	\$500,000,000 300,000,000 250,000,000 250,000,000 250,000,000 350,000,000 500,000,000 54,000,000 54,839,303,000 511,715,203,000
	Maturity	1973–2022	1951–1985 1955–1989 1952–1983 1941–1985 1964–1998	1958-1984 1961-1986 1965-1989 1971-1992 1973-2000 1979-2004 1980-2000
	Percent rate of interest	%9- ⁰ %	4 4 1%-3% 1-5%	3. 1-3% 3. 1-3% 3. 1-3% 3. 1-3% 5. 5. 5. 5. 5. 5. 5. 5. 5. 5. 5. 5. 5. 5
	Name of issue	SELF-LIQUIDATING BONDS California Water Resources Development Bond Act of 1959	Harbor Bonds San Francisco Harbor Improvement Act of 1909 ; San Francisco Harbor Improvement Act of 1913 *6 San Francisco Harbor Improvement Act of 1929 India Basin Act of 1903 *8 Harbor Development Bond Law of 1958 *7 Totals, Harbor Bonds	Veterans Bond Act of 1956 Veterans Bond Act of 1958 Veterans Bond Act of 1958 Veterans Bond Act of 1960 Veterans Bond Act of 1962 Veterans Bond Act of 1978 Veterans Bond Act of 1978 Veterans Bond Act of 1976 Veterans Bond Act of 1976 Veterans Bond Act of 1978 Veterans Bond Act of 1978 Veterans Bond Act of 1978 Veterans Bond Act of 1980 Totals, Veterans Farm and Home Building Bonds Totals, Self-Liquidating Bonds Totals, ALL GENERAL OBLIGATION BONDS Totals, ALL GENERAL OBLIGATION BONDS
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